

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. — National unity government talks between the Likud and the Alignment will continue at Jerusalem's King David Hotel today, with the focus on economic and social issues. Participants described yesterday's initial meetings as being of a general nature.

The fact that the meetings between the Likud team, led by Prime Minister Yitzhak Shamir, and Labour, led by party chairman Knesset Member Shimon Peres, lasted for four hours, and are scheduled to continue today, could be interpreted as a hopeful sign — that the two sides

National unity talks to continue today

may yet work out a formula for cooperation in a broad-based coalition.

But there was nothing to indicate that concrete progress had been made at the meetings.

A communiqué released by the Prime Minister's Office on behalf of both sides described the meeting as "clarification talks." It said that both sides showed a willingness to explore the possibility of forming a national unity government.

The communiqué added that the two sides had agreed not to disclose details of the talks — and indeed very few details were forthcoming last night. Former president Yitzhak Navon described the talks as an "examination of the national situation and the results of the elections." The important point was the two sides had met, he said.

Other participants said that the discussions had been honest and had taken place in a good atmosphere. It

was clear that neither side was prepared to jeopardize the talks. At least until President Chaim Herzog had called on one of the party leaders to form a government.

Economic experts will join both teams for today's session, which is due to begin at 5 p.m. On the Alignment side, MKs Gad Ya'acobi and Adiel Amori will join the team consisting of party leader Shimon Peres, Haim Bar-Lev, Navon, Yitzhak Rabin and Moshe Shahal.

Mapam leader Victor Shemtov did not participate due to his party's opposition to a unity government.

Finance Minister Yigal Cohen-Orgad will join Shamir, Defence Minister Moshe Arens, Deputy Prime Minister David Levy, Energy Minister Yitzhak Modai and Health Minister Eliezer Shostak.

Ya'acobi said last night that the Alignment had not prepared special position papers on economic issues to present at the meeting. He said he expected the talks to be of a general

nature. The parties will get down to "concrete discussions" only after the president has chosen a prospective prime minister, he said.

Ya'acobi added that he believes a national unity government is the only alternative if the economy is to be salvaged.

Meetings and telephone contacts between Alignment leaders and parties continued yesterday. The most surprising was between Peres and Morasha leaders Haim Druck-

man and Avraham Verdiger at the Dan Hotel here last night.

Labour Party sources said that the meeting had been suggested by Agudat Yisrael leader Avraham Shapira. He told Labour leaders that it would be useful if they showed a general interest in the religious parties, including a party such as Morasha, which has openly declared its strong preference for a Likud-led government.

The importance of the meeting is in the willingness of the Morasha leaders to meet with Labour, the sources said. They speculated that it could indicate the growing awareness that a national unity government may be the only viable alternative.

IDF ships, copters attack PLO base

Post Defence Correspondent
Jerusalem

IDF helicopter gunships and naval units yesterday twice attacked PLO positions in the Nahr el-Bard refugee camp north of the Lebanese city of Tripoli.

An IDF spokesman said that the target of the first, helicopter, attack was a camp belonging to the Abu Musab faction of the PLO.

Foreign wire service reports said the 5-minute air attack was mounted by two or four helicopters.

Later, the base was shelled by the navy. The IDF spokesman designated the attack a success.

According to an announcement by the Israel Defence Forces spokesman, the base was used by the PLO for training and operations. The attack, the spokesman continued, was part of Israel's ongoing response to terror, designed to damage the

PLO's organizational and operational capability anywhere within reach. Like the Palm Island base attacked last June, Nahr el-Bard is a naval-operations base.

For the past two months, Israeli pre-emption has focused on PLO naval bases, and preventive action has included two incidents where ships on the way to Lebanon were diverted to Haifa. Two Palestinians, a brother and a sister, and eight crew members of a Syrian freighter, are still being held in Israel for questioning.

The spokesman's announcement yesterday was unusual in its specific mention of the use of helicopters in the raid, omitting the usual reference to "Israeli aircraft."

Their missiles would be effective in destroying light maritime craft.

No casualty reports were available last night.

2 terrorists slain near Sidon

By MENAHEM BROWITZ
Jerusalem Post Reporter

METULLA. — Two terrorists were killed yesterday morning in a clash with an Israeli Defence Forces patrol south of Sidon. There were no Israeli casualties.

The patrol was moving south of Sidon when the two terrorists were seen placing an explosive charge by the roadside. The soldiers opened fire and killed them. An IDF sapper later exploded the charge. A search of the area turned up a large quantity

of explosives, grenades and other weapons that had been in the terrorists' possession.

A grenade was thrown yesterday at a South Lebanon Army patrol in Tyre from a passing car near the town's market. There were no casualties. SLA troops searched the area.

Tyre and the surrounding villages have become a centre for hostile activity in recent days and the IDF has taken measures to combat this, including closing Tyre harbour and its sea approaches on Monday.

Hijacked aircraft still parked in Teheran airport

TEHRAN (Reuters). — More than 50 persons were still trapped aboard an Air France Boeing 737 at Teheran International Airport last night, more than 12 hours after landing here when hijackers diverted their flight from Europe.

Four of the 55 passengers were allowed to leave the aircraft, apparently because of illness, the official Iranian news agency Irna reported. All four, including a mother and her child, were given treatment at the airport clinic.

The hijackers also asked for food and water for their hostages, which

airport officials provided this afternoon, but otherwise refused to negotiate or make clear their full demands, Irna said.

They also asked for the aircraft to be refuelled but Iranian officials made no move to meet the demand.

The plane — with 58 passengers and six crewmen — was commandeered over Luxembourg 22 minutes after takeoff from Frankfurt on a Paris-bound flight on Tuesday afternoon. It made brief stops at Geneva, Beirut and Larnaca, Cyprus before heading for the Iranian capital.

One steward escaped at Larnaca.

Jumbblatt fails to tame hijacker

BEIRUT (AP). — Following an exchange of the conversation early yesterday between the commander of the Beirut airport and the hijacker of the Air France plane, Jumbblatt failed to tame the hijacker.

Negotiations were conducted for the Lebanese by Public Works and Transportation Minister Waddi Jumbblatt. The hijacker had a pronounced Lebanese accent.

Hijacker: This is an international operation. Lebanon has nothing to do with it. Lebanon will be just a refueling stop. Jumbblatt: Then why don't you find some other place to land? Why Beirut? Hijacker: It's my country. Jumbblatt: You have Cyprus and Damascus and 100 other places. Hijacker: They would not accept us in any other place. Jumbblatt: We are not equipped to receive you here. What do we do? Hijacker: Why? What's the objection? Jumbblatt: We have no fuel, and the airport is not equipped for night traffic.

Hijacker: You mean the airport stops at night? Jumbblatt: Yes, the airport stops at night. Hijacker: What airport in the world stops at night? Jumbblatt: For your information Beirut airport stops. Hijacker: I tell you I want fuel. Jumbblatt: But we are not a station for everybody. I have no fuel. Hijacker: Give us fuel and I will leave for Cyprus, Turkey, Damascus or wherever. But now I have no fuel to get to Larnaca. Jumbblatt: Go to Larnaca. They will give you fuel. Hijacker: I am telling you I have no fuel to get to Larnaca. The plane will sit. You have the Beirut refinery (in South Lebanon). Jumbblatt: That is out of my reach. It is in the hands of the Jews (Israelis). We have a fuel crisis in Lebanon. Hijacker: You have fuel in (the north Lebanon city of) Tripoli. Jumbblatt: There are problems in Tripoli. There is a civil war there. I have no fuel. Hijacker: I want fuel. Jumbblatt: It's not nice to be so stubborn. No fuel. Hijacker: God knows. I am coming down. Come what may. And if you have no fuel I will simply stay there and wait up the plane. If anyone tries to approach, Jumbblatt: Of what use will that be? Hijacker: This is why you must let me continue my trip. Give me fuel and let me go.

Sidon port reported closed for 5 days

SIDON (AFP). — Sidon harbour was closed yesterday, by order of the Israel Defence Forces, for the fifth successive day, according to local reports.

The port authorities were not given a reason for the closure.



Labour Alignment leaders (left) and Likud leaders yesterday meet at the King David Hotel in Jerusalem to talk about setting up a national unity government.

President begins formal consultations Labour, Likud support unity government idea

By JUDY SIEGEL
Jerusalem Post Reporter

There were few surprises at Beit Hanassi yesterday, as representatives of the Alignment and of the Likud each reiterated positions stated after "informal consultations" on Tuesday by their top leaders. Tebiya members asked the president to call on Prime Minister Shamir to form a government.

Knesset Member Haim Bar-Lev spoke for the Alignment group, which also comprised MKs Moshe Shahal, Edna Solodar, Uzi Baram and Yitzhak Artzi. Bar-Lev told waiting reporters that they had asked President Herzog to work toward the establishment of a new

government as soon as possible, to deal with the pressing problems facing the nation.

They asked Herzog to invite Labour Party chairman MK Shimon Peres to try to form a coalition, since he heads the largest faction in the 11th Knesset. Bar-Lev added that if Peres is asked to do so, he will turn to other parties, including the Likud, in an attempt to form the broadest possible coalition.

Bar-Lev would not comment on a possible rotation agreement between the Alignment and the Likud that would allow Peres and Shamir to alternate as heads of a national unity government. His response to whether the Alignment would join a

Weizman will tell Herzog to ask Peres to form gov't

Jerusalem Post Reporter

Yahad leader Ezer Weizman yesterday said he would recommend to President Chaim Herzog today that Alignment leader Shimon Peres, as head of the largest party, should try to form a national unity government.

Speaking on Israel Television's Moked interview programme last night, Weizman said that the economy is in a critical state because of the government's mistaken national goals — an apparent reference to the Lebanon war and settlements in Judea and Samaria — and not because of expenditure on yeshivot.

Weizman, who refused to say whether he prefers a Likud or Alignment-led government, did not say what portfolio he hoped to get in a national unity government, and

added he might not be a member of a unity cabinet.

Weizman did not rule out the possible formation of a narrow coalition if the attempt to form a unity government fails.

Weizman confirmed that Likud leaders are prepared to offer him a great deal to get him to join them in a coalition. "I left the government because they strayed from the way I thought was right, like stopping investments in settlements and developing the economy," he said.

"I'm trying to bring them back to the path that, if they had taken it four years ago, they would not now be in such a terrible economic and political situation."

Asked if he thought the Likud

Too many religious competing for portfolios

By ASHER WALLFISH
Post Knesset Correspondent

There was growing nervousness and mutual suspicion among the four religious parties yesterday, as the coalition maneuvering entered a new stage. The big parties were meeting with the various splinters to see which of them would finally commit themselves to a narrow government led by one of them.

The National Religious Party, Shas, Agudat Yisrael and Morasha are set to compete for influence and power, whether the Alignment or the Likud eventually heads the government.

Before the election, Prime Minister Yitzhak Shamir managed to keep the religious parties happy with the portfolios and top posts traditionally assigned to them. But now, with two more religious parties, Shas and Morasha, there are not enough portfolios and top posts to go round.

Shamir has to satisfy all the religious parties, and more, to construct a coalition of 61 and there is no way he can possibly do so. Alignment leader Shimon Peres will not necessarily have to bring in all the religious parties if Yahad, Ometz and Tami join him. Peres therefore will find it simpler to distribute the available portfolios and posts among a smaller number of religious parties.

The Orthodox weekly newspaper Erev Shabbat writes in its current issue that both Shas and the NRP have issued Shamir an ultimatum that he must give them the Religious Affairs Ministry.

According to Erev Shabbat Shas told Shamir that since their Sephardi Council of Sages may not permit the four MKs to hold cabinet seats, they

Freeze on gov't purchasing Foreign cash reserves fall by \$351 million

By PINHAS LANDAU
Jerusalem Post Reporter

Israel's foreign currency reserves fell \$351 million in July, to stand at just over \$2.6 billion. This is the largest drop in a single month for many years, and leaves the reserves at a level that is sufficient for only two months' worth of imports — well below the danger level of the minimum of three-month reserves long considered the "red line."

Equally grim were the statistics published yesterday regarding the amount of money the government pumped into the economy last month.

This injection reached the unprecedented level of \$95b. (\$360m.), but this was reduced to \$177b. by

counting the \$18b. absorbed through savings in Patam accounts as Treasury revenue, even though these funds are deposited in the Bank of Israel.

Bank of Israel Governor Moshe Mandelbaum took the unusual step of publishing a statement to accompany the report on the drop in reserves. The fall, said the governor, is a warning to all sectors of the economy showing the need to act immediately to improve the balance of payments and to bring down the rate of inflation.

The need for urgency was repeatedly stressed by Mandelbaum. "The government must act urgently to reduce local demand, primarily in the area of public and private consumption, and to free resources

(Continued on Page 2, Col. 5)

NEWS ANALYSIS / Pinhas Landau 'We're at barrel's bottom,' central bank chief says

The Bank of Israel took the wraps off the true state of the country's foreign currency reserves in its monthly report yesterday. Instead of continuing the facade of borrowing overnight funds to gloss over the ongoing drain, the central bank showed that a fall of \$351 million had taken place. According to well-informed sources, even this is not the full extent of the fall, and the situation is even worse than the remaining figure of \$2.6 billion.

But this 12 per cent drop in one month is quite bad enough. And if the message was not received on the basis of the raw figures, the governor, Dr. Moshe Mandelbaum, spoke out in the clearest possible manner. He pointed out that we are scraping the bottom of the barrel as far as foreign currency is concerned, and that unless urgent, drastic measures are introduced immediately, a real economic catastrophe will befall the country.

His remedies are the same as those repeated over and over by academic and professional economists in the last year and more: First and foremost, a major, sweeping cut in the government's bloated expenditure, accompanied by numerous supporting steps to move resources from

services to export industries and to slash the rate of hyperinflation without a collapse into massive unemployment.

What is new is the form and the timing. Mandelbaum has never been one to take an independent line, or to draw public attention to himself by criticising government policy. Now, however, he has taken centre-stage to sound a loud warning, almost a cry of despair. This is not addressed to the public, which has lost all faith in the government and the Bank of Israel at least since last October. Neither is it addressed to the financial community, here or abroad, which is fully capable of reading the situation from the data the Bank of Israel provides — and which takes these data with a pinch of salt anyway.

It is addressed to the politicians, engaged in their own little ballgame, while the economy deteriorates day by day. The governor says openly that the stop-gap measures being taken are essentially meaningless in anything but the very short term.

It is a last desperate cry for help from a central bank about to drown itself and the economy in a flood of shekels, while dying of thirst for want of dollars.

Kahane spurned by Herzog, warned by Zamir

By DAVID RICHARDSON
and JUDY SIEGEL
Jerusalem Post Reporters

Knesset Member-elect Meir Kahane was dealt a double slap in the face yesterday when President Chaim Herzog refused to invite him for the customary post-election consultations and Attorney-General Yitzhak Zamir reminded Kahane that he was elected to "uphold the law."

Kahane tried to enter Beit Hanassi yesterday afternoon but was confronted by dozens of security and policemen, who told him that he had

not been invited and asked him to leave.

An official Beit Hanassi statement issued yesterday explained that the president would "not countenance insults to the feelings and honour of many minority citizens and residents — civilians and soldiers. Moslems,

Christians and Druse."

Herzog was not legally bound to invite Kahane to the consultations, but his decision sets a precedent, since all his predecessors had invited the heads of all Knesset factions to consultations.

The president had taken the decision even before Kahane threatened on Saturday night to "break into Beit Hanassi" if he was not invited to the presidential residence for talks.

In his statement, Herzog's office rejected "with contempt" Kahane's threats against the president. "The Jewish people has a tradition of refusal to submit to threats and presidents of Israel always have expressed the spirit of the nation," said the statement.

The statement continued that the Proclamation of Independence grants equal rights to all citizens. "A programme that advocates racism, discrimination and the abrogation of rights stands in opposition to the principles of the Torah and has no place in a Jewish state."

According to the statement, only if Kahane repudiates his previous declarations and threats will the

(Continued on Page 2, Col. 2)

Kahane to be stripped of U.S. citizenship

By DAVID LANDAU
Post Diplomatic Correspondent

The U.S. government will move to strip Meir Kahane of his U.S. citizenship as soon as he takes the oath of office as a Knesset member. This was made clear to The Jerusalem Post by a highly placed American source.

Informed Israeli legal sources added that if Kahane loses his U.S. citizenship, he may well not be admitted into the U.S. any more — and the authorities there will not have to supply any explanation for their decision to bar him.

The highly-placed American source noted that another former American MK, Defence Minister,

Moshe Arens, lost his U.S. citizenship when he became a Knesset member.

In Arens' case, the process — which he did not oppose — took some time and it was not until he was nominated ambassador to Washington that his U.S. citizenship was finally revoked. But the official reason for the revocation was his taking a seat in a foreign parliament, which involved pledging allegiance to a foreign government.

This action, like volunteering for — not being conscripted into — a foreign army, is considered by Washington prima facie grounds for revocation of citizenship. The consular authorities then usually write to the person concerned informing him that they

propose to revoke his citizenship.

If he disputes the authorities' intention, the case is brought before a quasi-judicial forum in Washington, and from there it can be appealed to the Supreme Court.

While the court has been increasingly liberal over recent years in such matters, it nevertheless studies carefully statements and actions that attest the person's primary loyalty and allegiance.

If Kahane becomes an alien vis-à-vis the U.S., it is a fair assumption, according to local legal experts, that the State Department will want to keep him out of the country.

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The weather at major Swissair destinations

	1.8.84	MIN.	MAX.	
AMSTERDAM	12	14	21	Cloudy
BRUSSELS	12	14	21	Cloudy
FRANKFURT	12	14	21	Cloudy
GENOVA	12	14	21	Cloudy
HELSINKI	12	14	21	Cloudy
HONG KONG	26	28	32	Clear
JAKARTA	26	28	32	Clear
LONDON	12	14	21	Cloudy
MADRID	12	14	21	Cloudy
MONTREAL	12	14	21	Cloudy
NEW YORK	12	14	21	Cloudy
OSLO	12	14	21	Cloudy
PARIS	12	14	21	Cloudy
RIO DE JANEIRO	26	28	32	Clear
SAO PAULO	26	28	32	Clear
STOCKHOLM	12	14	21	Cloudy
TOKYO	26	28	32	Clear
TORONTO	12	14	21	Cloudy
VIENNA	12	14	21	Cloudy
ZURICH	12	14	21	Cloudy

*For the latest weather conditions contact Swissair

THE WEATHER

	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	42	17-25	25
Golan	38	15-22	22
Nahariya	38	15-22	22
Safed	38	15-22	22
Haifa Port	42	18-24	24
Tiberias	42	18-24	24
Nazareth	42	18-24	24
Afula	46	19-21	21
Shimon	40	18-24	24
Tel Aviv	38	18-24	24
B-G Airport	38	18-24	24
Jericho	37	12-30	30
Gaza	66	13-28	28
Beersheba	41	19-31	31
Eilat	25	24-37	38

SOCIAL & PERSONAL

Swiss Ambassador to Israel Pierre-Yves Simonin yesterday held a reception at his Ramat Gan residence to celebrate the national day of Switzerland.

Yosef Rotenberg, 85

MEXICO CITY (JTA). — Yosef Rotenberg, a veteran of the Bund in Poland and a well known writer and educator and a teacher in many Jewish schools in his native country before World War II, has died here at the age of 85.

Rotenberg came to Mexico after the war as a refugee from Shanghai where he worked during the war as an editor of a Jewish newspaper and as a contributor to Jewish socialist publications.

U.S. pullback to reduce

Sixth Fleet Haifa visit

Jerusalem Post Reporter
HAIFA. — The U.S. Sixth Fleet will continue to make periodic visits to Haifa Port despite its reduced level of activity in the Eastern Mediterranean, fleet commander Vice-Admiral Edward Martin said here yesterday.

Speaking to a reception given by Mayor Arye Gurel to mark the end of his three-week stay, the admiral said the fleet had visited Haifa on more occasions in the past 10 months than any other port in the Mediterranean. However, such visits would now be reduced because of the fleet's commitments in other parts of the Mediterranean.

Martin stressed that Haifa's Israeli shipyards had done excellent work on some of his ships, but this did not mean the fleet regards Haifa as a home port. "The Sixth Fleet does not have any home port outside the United States," he said. The admiral's command ship, the U.S.S. Puget Sound, is due to leave today for Italy.

Haifa Bay power station restarts operations

Jerusalem Post Reporter
HAIFA. — The generating unit at the Electric Corporation's Haifa Bay power station — put out of action by a fire more than six weeks ago — became fully operational yesterday, the corporation's spokesman reported.

An internal inquiry found that the blaze was caused by a technical fault and was not the result of human negligence.

Suspected embezzlers fired by Jordan

JERICHO (JTA). — The Jordanian government has fired 30 of the 40 members of the Committee for Assistance to the West Bank.

The committee, jointly run and funded by the PLO and the Jordanian Government, was set up in 1974 with the aim of assisting Arab development in Judea and Samaria.

The 30 officials were apparently fired because of corruption charges. The head of the committee, Hassan Ibrahim, formerly of Nabulus, is suspected of embezzling about \$500,000.

Welcome to Israel: Aryeh Avi Fried

born July 14, 1984, in Haifa

The proud parents: Yacov and Sara Fried of Haifa.

The delighted grandparents:

Mr. Shmuel Fried and wife, Malka

Dr. Len Jackson and wife, Dr. Livia Jackson is an author, and

correspondent of the Jewish Press of New York) all from Netanyahu.

Mazel Tov from

The Capt. Yehiel and Ruth Glosky Langer Hospitality Foundation, One Mapu Street, Jerusalem

Four bodies washed ashore in Tel Aviv

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — Four male bodies were washed ashore yesterday, three of them still unidentified. Another person began to drown, and was rescued and hospitalized in Ichilov Hospital in serious condition.

At 1 a.m. yesterday the body of a man in his thirties was washed ashore near the Sheraton beach: between 5 a.m. and 8 a.m. the bodies of two men in their twenties, one of

them naked, drifted towards the Sheraton beach; and another body, of a 77-year-old man in a bathing suit, was found near Bograshov beach.

At about 8:30 a.m. the body of a man in his thirties with head wounds — possibly from banging against the rocks — appeared at Sheraton beach. The police are investigating.

An Australian tourist almost drowned on Tuesday, but was rescued and hospitalized, the police said.

The two young men whose bodies were found at Sheraton beach are believed to be those of two Arabs who reportedly entered the water at about 8 p.m. on Tuesday and disappeared. A municipal inspector supervising the beach said that no bathers were in the water at 7 p.m., when he finished his shift. It is assumed the two entered the water subsequently.

Tel Aviv's life savers, who are imposing sanctions due to a work dispute with the city, are working only until 2:30 p.m. Municipal inspectors warn people against entering the water from 2:30 to 7 p.m. "I call people on the loudspeaker to get out of the water but not all of them listen," an inspector on Sheraton beach told *The Jerusalem Post* yesterday. "Whoever wants to commit suicide, let him do so; I cannot force people out of the water," he added.

Municipal spokesman Roni Rimmon said yesterday that since most of the drownings occurred after 7 p.m., they had nothing to do with the lifeguards' sanctions. "If the lifeguards think that their presence will prevent drownings, all they have to do is stop their sanctions and resume work," Rimmon said.

Haifa boy falls into well and drowns

Jerusalem Post Reporter
HAIFA. — A nine-year-old boy drowned in a well beneath a derelict building in Rehov Harav Markus here yesterday.

The boy, Rabiya Makhlof, fell down a shaft leading directly from the first floor of the building into the underground pit.

Rescuers were unable to break through from the ground floor and firemen had to pump out water before lowering one of their colleagues down the narrow shaft to recover the boy's body. The operation took more than 2½ hours.

Relatives at the scene said Rabiya,

who had just finished summer camp, had been playing in the building with a six-year-old friend, despite his parents' warnings.

Rabiya's parents live nearby and have six other children.

The boy's aunt, Fatma Jaffa, said it was a scandal that the derelict building, which has been empty for several years, had not been demolished.

The police are investigating the possibility of negligence on the part of the building's owners. They will also check with City Hall the question of responsibility for derelict buildings.

U.S. to keep Akaba pipeline from polluting Eilat sea area

By WOLF BLITZER
Jerusalem Post Correspondent

WASHINGTON. — The U.S. has informed Israel that it will take the necessary steps to ensure that Iraq's proposed oil pipeline to Akaba will not cause any environmental damage to neighboring Eilat.

A team of Israeli officials has wound up preliminary discussions in Washington on the pipeline, which the San Francisco-based Bechtel firm is contracted to build.

The continuing Iran-Iraq war has made Iraq's normal oil shipping route through the Persian Gulf risky. As a result, Iraq has been seeking an alternative means to export its oil.

Interior Ministry Director-General Haim Kuberky and Foreign Ministry legal adviser Eliakim Rubenstein met with senior U.S. officials this week to try to resolve the practical and legal matters of the pipeline that involve Israel.

The Americans have been anxious to see the construction of the trans-Jordanian pipeline for both financial and political reasons.

The Reagan administration has wanted to improve ties with the Baghdad regime, which severed diplomatic relations during the Six Day War in 1967 and has refused to restore them fully ever since. The two countries merely maintain "in-

terest sections" in each other's capitals.

Israel has informed the Americans that it has no objection in principle to the construction of the pipeline. What concerns Israel, however, is the possibility of an oil spill near Akaba, which could have serious consequences for Eilat and the entire area.

Assistant Secretary of State for Near Eastern and South Asian Affairs Richard Murphy, who met with the Israeli team, expressed understanding for Israel's ecological concerns and promised to promote practical steps to avoid any possible damage to Eilat.

U.S. and Israeli officials said the talks were still at a preliminary stage and that additional discussions are still needed.

Ambassador Meir Rossene yesterday again underlined Israel's deep concern over the possible ecological damage to Eilat during a one hour meeting with Deputy Secretary of State Michael Macost, who is the acting secretary these next two weeks during George Shultz's vacation.

Israeli officials said Rossene pointed to the impact any oil spill would have on Eilat's tourism. "We only have one Eilat," they quoted Rossene as saying.

Problems with VAT receipts at airport

Jerusalem Post Staff

Israeli travellers who have not bought land arrangements abroad in addition to their flight ticket should obtain an endorsement from their travel agent exempting them from paying the new 15 per cent tax on such arrangements, Travel Agents' Association President Eli Blau said yesterday.

This endorsement is intended to simplify departure procedures at Ben-Gurion Airport. Without it,

passengers may find it hard to prove that they paid for their flight only.

Itum yesterday reported long and angry queues at Ben-Gurion Airport as customs officials processed outgoing Israeli passengers and their documents relating to the new value added tax on foreign-currency purchases.

Some flights were delayed as passengers were held up because of problems with their VAT receipts.

RELIGIOUS

(Continued from Page One)

will demand the National Religious Party be denied the Religious Affairs Ministry. They told him it must be held by Shamir, or given to a non-NRP personality, if they can not take it. They also told him they would insist on appointing a Shas official as director-general, to wield day-to-day power.

Meanwhile, the NRP has told Shamir that it would find it easier to give up the interior or education portfolios than to give up the religious affairs portfolio.

Control of the Religious Affairs Ministry spells control over budgets to yeshivot and other religious educational institutions; influence over religious-court appointments; influence in local religious councils; appointment of local rabbis; and a certain spiritual authority. The ministry also exerts influence in Moslem and Christian communal affairs.

The religious parties are suspicious about which of them will be the first to cut its ties with the Likud, make a dash into the welcome arms of the Alignment, and get the choicest plums.

The parties, which fear they may lag behind and find the orchard bare, may lose their nerve sooner than expected. Even Morasha last night sent a delegation to talk to Labour, though Morasha said on election night it would go with the Likud. Morasha reportedly took this bold step at the insistence of Aguda leader Avraham Shapira.

Rumours circulated last night that the Gur Rebbe, spiritual mentor of the Aguda wing represented in the Knesset by Shapira, had agreed to receive Peres.

Shapira reportedly succeeded in overcoming the Rebbe's dislike of the Alignment as a party willing to compromise on Judea and Samaria.

IDF arrests Israeli

fugitive in Lebanon

Jerusalem Post Reporter

METULLA. — An Israeli youth was arrested yesterday in Nabatiya by an Israel Defence Forces patrol. The youth crossed the border illegally in Metulla, stole a car and drove to Nabatiya.

He had run away after a court rejected his appeal against a one-year jail sentence.

UNITY

(Continued from Page One)

national unity government headed by the Likud was: "That is very hypothetical." Bar-Lev did not foresee any substantial changes in Alignment principles in order to ease the way to a national unity government.

At 11 a.m., Likud MKs headed by Ronni Milo arrived at Beit Hanassi. They included Minister without Portfolio Sara Doron, MKs Ehud Olmert and Pinhas Goldstein, and Deputy Housing Minister Moshe Katzav.

Milo declared that the Likud aimed to establish a national unity government. He quoted Herzog as saying that he favoured a broad coalition, and that he had received a large number of written and oral appeals from the public to insist on it. The Likud MKs asked Herzog to call on Shamir to try to form a government.

Milo did not reject outright the possibility of the Likud's serving in an Alignment-led unity government, but reiterated that Shamir deserved to be asked first since he had favoured a unity government even before the election.

The Tehiya delegation, invited to come at 5 p.m., included all five MKs. Party leader Yuval Ne'eman told reporters afterwards that they had asked the president to call on Shamir to head a government. Their preference was for a national unity government. If that was not possible, they wanted a majority government based on a narrower coalition.

Asked if they would join or support a unity government headed by the Alignment, Ne'eman rejected this idea. Any government that wanted Tehiya's support, he added, must continue the present government's policies regarding Jewish settlement in all of Eretz Yisrael.

They were followed by heads of the National Religious Party, including MKs-elect Avner Sciaky and David Danino and MK Avraham Melamed. They asked Herzog to do all he could to bring about a national unity government. "There is a tendency in the NRP not to join anything but a unity government, if at all possible, so that we can pressure the two major parties into unity," said Sciaky.

He suggested that Shamir and Peres should be brought together to decide between them who would be prime minister. Rotation of the premiership was a viable possibility, he said. If this is not effected, the NRP would advocate the president's turning to a third "neutral party" to try to form a national unity government. Sciaky said that NRP leader Minister Yosef Burg's name was not raised by the delegation as a candidate.

Herzog later received MKs from the Democratic Front for Peace and Equality, who asked him to request Peres to form a government.

Members of the Shas delegation said, after their talk with the president that they had told Herzog they would support a broad government headed by Shamir, provided religious values were given their due.

SAFETY. — The National Council for the Prevention of Accidents organized 600 courses in the first six months of 1984, among the police, the Israel Defence Forces and other civilian groups throughout the country.



Writer Amos Oz and Prime Minister Yitzhak Shamir meet yesterday at the Prime Minister's Office. (Yitzhak Harari)

Writer Amos Oz calls on prime minister

Jerusalem Post Reporter

The writer Amos Oz, a member of Kibbutz Hulda, called on Prime Minister Yitzhak Shamir yesterday and reiterated his call for a national unity government embracing the Likud and the Alignment.

Oz first raised the idea in a joint letter to Shamir, which three other Labour-affiliated writers also signed. He was subsequently castigated by Labour writers who feel differently.

Shamir told Oz he was serious about the idea of forming a national

unity government and congratulated Oz on his initiative.

Oz said he and his writer-allies would do their best to foster in the Labour camp an atmosphere conducive to national unity.

Shamir added that Labour writers like Itzhak Smilansky (S. Itzhak) had no right publicly to disqualify the Likud and Tehiya from being potential allies for the Alignment on ideological grounds.

Oz will reportedly spend the coming academic year in Los Angeles as a visiting lecturer in literature.

RESERVES FALL

(Continued from Page One)

for export... There is an immediate need to form an overall economic plan centred on reducing government expenditure by some \$1.5b."

The governor noted that the steps taken recently to reduce the outflow of foreign currency would ease the pressure on the reserves somewhat, but must be followed by drastic measures to reduce the government budget and to reach an agreement between all the major elements in the economy.

In a separate development, the Ministerial Economic Committee, meeting yesterday morning, decided to freeze all hiring in the public sector for three months, and similarly to halt purchases by the government, except for food, fuel and medicines. The purchasing halt will be absolute for 75 per cent of the monthly budgetary outlay for three months, while 22.5 per cent of the remainder would require special Treasury approval of a specific request.

The remaining 2.5 per cent would be available for exceptional cases. A ministry requesting an over-run beyond 22.5 per cent would have it considered within the 25 per cent framework.

If it wished to appeal against the administrative decision of the Treasury, its appeal would go before a sub-committee of the Ministerial Economic Committee, comprising the finance minister, Deputy Prime Minister David Levy and Energy Minister Yitzhak Mordechai.

This arrangement was the result of a compromise between the demands of Finance Minister Yigal Cohen-Orgad and the unwillingness of some of his colleagues to accept sweeping cuts in their operating budgets. Cohen-Orgad maintained that the measures approved would bring about an immediate reduction in the level of government expenditure to the tune of IS20-25b. per month.

The minister said this would rapidly affect the overall level of economic activity, by cooling it off from its current overheated state. It would not, however, in itself generate any significant degree of unemployment. Workers losing their jobs as a result of the cutting of government orders could find employment in export industries, he contended.

Reaction to these moves was not long in coming. Eliezer Shmueli, director-general of the Education Ministry, sent an urgent message to his opposite number at the Treasury, Nissim Baruch, noting that the decision to freeze all new purchasing commitments would seriously disrupt the start of the next school year on September 1.

"This decree will prevent the orderly opening of many schools," Shmueli said. The ministry will not be able to prepare for the new year in matters requiring monetary outlays, such as refurbishments, equipment, travel and boarding facilities, he said.

Egypt: Int'l meet not practical now

CAIRO. — A top aide to President Hosni Mubarak was quoted yesterday as saying that an international peace conference to solve the Middle East crisis cannot be convened in the present situation.

Osama al-Baz, director of Mubarak's political office, said in an interview with the state-owned weekly *Akher Sa'a* magazine that Egypt approved of the concept of an international conference under the "joint leadership" of the U.S. and the Soviet Union, and with the participation of Israel and the Arabs.

"Egypt's position so far has been that it would join such a conference if the principal parties agree," he said.

Al-Baz said that the Middle East did not head the super-powers' priority list. It was preceded by the arms race.

Jordan's Foreign Minister Taher al-Masri said yesterday he welcomed Moscow's proposals for an international Middle East peace conference, chaired jointly by the Soviet Union and the U.S.

He said in a statement to the official Jordanian news agency, Petra, following talks with senior Soviet Foreign Ministry official Vladimir Bolotkov that Jordan welcomed a constructive Soviet role in working out a peace settlement. (AP, Reuters)

Two crossings reopened in Beirut line

BEIRUT (Reuters). — The last two major road crossings on the "Green Line" between East and West Beirut reopened after fighting between Christian and Moslem forces closed them nearly six months ago.

The openings coincided with Lebanese Armed Forces Day, which President Amin Jemayel commemorated at the Defence Ministry by laying a wreath at the Tomb of the Unknown Soldier.

Prime Minister Rashid Karamah and the army commander, General Michel Aoun, also attended, but none of them spoke at the brief ceremony.

The army took over the green line on July 4 and opened three major East-West road links under a peace plan calling for militias to disarm and disappear from the streets.

Balfour day declared, 'Aliya, Absorption Day'

Jerusalem Post Staff
The Jewish Agency's aliyah department and the associations of British, Australian and New Zealand olim have designated next November 2 as "Aliya and Absorption Day."

November 2 is the anniversary of the Balfour Declaration, when the British foreign secretary in 1917 promised the Jewish people a "national home" in Eretz Yisrael.

ESTHER ORY

is no longer with us.

Mourning by:

Eve and Meir Moskovic
Naomi Eleanor — London
Ruth and Raphael Adami,
Eran, Mecha, Merav — Omer
Sarah and Ruby, Grodzinsky
London
Sannie Friedman —
Los Angeles
Michaels and Allen Levine,
and children — Ashdod
Avi and Sarah Lichter,
and children — Ramat Gan

The funeral has already taken place.



Hadassah, the Women's Zionist Organization of America
The Hadassah Medical Organization, Israel

mourn the untimely death of

Prof. WALTER CZACZKES

An eminent member of the Medical Staff of Hadassah

Head of the Dialysis Unit

Our condolences to the family.

To Stanley and Marion Zinn and family

Our deepest sympathies on the tragic death of your daughter

SHELLY

Rin Spinning Mills, Be'er Yacov,
Strugo Families

THE HEBREW UNIVERSITY OF JERUSALEM

deeply mourns the passing of

ANSHEL REISS

Veteran Zionist leader.

President of The World Federation of Polish Jews
A founder of the Hebrew University Centre for the Study of Jews in Poland

and conveys its condolences to the bereaved family.

On the thirtieth day after the passing
of our beloved

Dr. AKIVA RUDICH

a memorial service and tombstone unveiling will be held
on Sunday, August 5, 1984 at 5.30 p.m. at the Holon Cemetery.

We will meet at the new cemetery entrance.
Our thanks to all who expressed their condolences.

The Family

150 من الاصل

Charter lines skirt regulations

By JOSHUA BRILLIANT
Post Aviation Reporter

ATAROT. — Dozens of dazed passengers were picked up at Ben-Gurion Airport at 2 a.m. yesterday and bused to this small airport in Jerusalem where light aircraft waited to fly them straight back to Ben-Gurion and the queue they had been standing at earlier for their flight to Amsterdam.

The run-around was explained by their tour operator as freeing him from regulations restricting charter flights here.

The Israel government regulations, which went into effect at midnight, restrict charter flights between Ben-Gurion and cities served by El Al, in an attempt to help the Israeli national carrier.

Some charter companies took advantage of a clause in the regulations designed to promote Jerusalem. This clause says that flights departing from Jerusalem Airport are exempt from the restrictions. The regulations say that an airline carrying at least 20 per cent of its passengers from Jerusalem can claim that the flight originated in Jerusalem, even if the rest of the passengers board at Ben-Gurion.

Accordingly, the Super Charter Company on Tuesday night phoned several passengers and told them that their flight had been advanced by one hour and they should report at Ben-Gurion at 2 a.m. While they were queuing for the ticketing and baggage check, they were called to a waiting bus and driven to the capital's Atarot Airport, on the road to Ramallah.

The passengers then boarded three light aircraft for the 10-minute flight to Ben-Gurion Airport.

Officials who handled the flight here told *The Jerusalem Post* that many passengers did not understand what was going on. Several tourists taken on the night ride said Israel was a "crazy country."

"I felt like a complete fool," said Alon Berman, the official handling the passengers at Atarot. "It was a disgrace." Afik Eyal, another official, added.

Government officials contacted yesterday accused the travel agents and charter operators of deliberately staging a farce yesterday to score points in their fight against the regulations. Some 15 per cent of the travellers live in the vicinity of Jerusalem, so with proper organization there should be no difficulty in getting them to start their trip here, the director of the Civil Aviation Administration, Shai Shoham, argued.

The regulations the charter operators tried to skirt provide that they may not carry people who bought their tickets abroad with those who bought them here, if they fly between Ben-Gurion and an airport within 150 kilometres of a city served by a scheduled carrier.

This increases the charter operators' risk of having empty seats on their planes. Thus they are forced to either increase their efforts to fill all seats or raise their prices to protect them against a possible loss. Usually their fares are so low they would lose money if they fail to fill 80 to 85 per cent of the seats.

An increase in charter prices

would help El Al. Its prices to London, for example, dropped considerably as result of the competition of Maof. Once the charters raise their fares, El Al can follow suit.

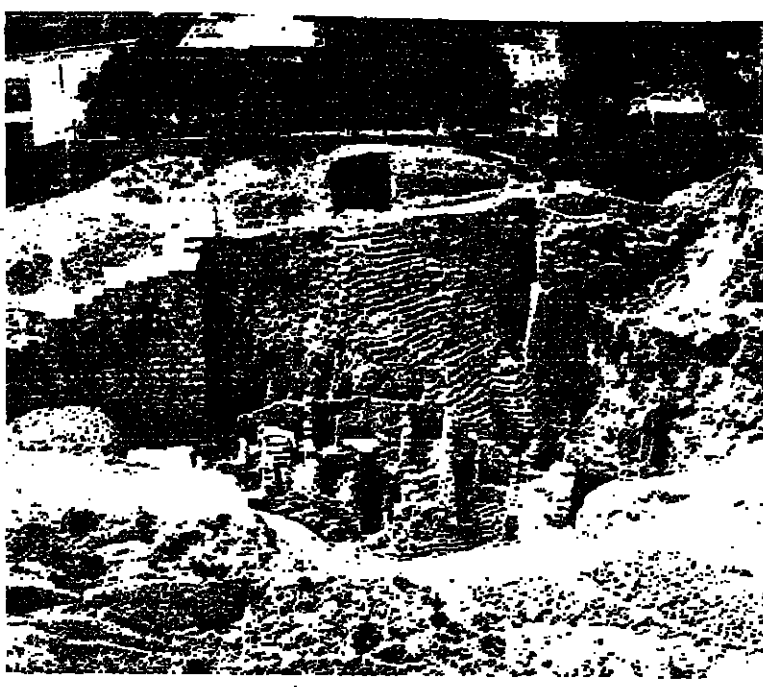
The argument for El Al and all other scheduled carriers is that, unlike the charter airlines, they are required to fly all year round — even in winter, when there are fewer passengers. They must therefore make a big profit in the summer to help tide them over.

But flying abroad from Jerusalem Airport has caused a political problem. Foreign governments refuse to recognize Israel's occupation of the area in which the airport is situated since the 1967 Six Day War. The UN affiliated International Civil Aviation Organization has ruled that the control tower at Atarot must approve every flight from here.

The German Embassy once sent a diplomat here when it suspected passengers were flying from Jerusalem direct to Europe. The diplomat came to verify that the plane landed at Ben-Gurion before flying to Europe, a well-placed source said.

Accordingly, there was little to indicate that flights from here were the beginnings of international flights. The representative of the Dutch Martin Air yesterday refused to come to Jerusalem to issue boarding cards for his passengers. Arkia issued the boarding cards for the Ben-Gurion-Frankfurt flights but there were different planes and different flight numbers for the runs from Atarot to Ben-Gurion and from Ben-Gurion to Frankfurt.

The police stamped passports at Ben-Gurion rather than at Atarot.



Aerial view of Area G of the City of David excavation in Jerusalem, showing the Canaanite and Israelite period citadels, residential buildings and the fortification line on the crest from the Second Temple period.

IDF road opened along Egyptian border

By LIOA MORIEL
Jerusalem Post Reporter

BEERSHEBA. — The new road along the border with Egypt, running for over 200 kilometres from Rafiah to Eilat, will soon be open in part to the public, an official of the Nature Reserves Authority said yesterday. The road was built by the Israel Defence Forces.

"This is at our own initiative and I hope that this will enable many people to see a part of the country they could never travel before," said Shmuel Shapira, director of the NRA's Southern region.

The road, which is only four

metres wide, will soon be completely paved. The NRA has begun to signpost the attractions along the way.

With the help of the IDF, the NRA will build three bird-watching towers along the route.

Although the opening of the 100-kilometre stretch from Nitzana to Mount Harif near Mitze Ramon signals a further thaw in relations with Egypt, the road's proximity to the frontier nevertheless calls for precautionary measures. The road will be open only during daylight hours and there will be a registration point at its beginning.

The road will initially open for a three-month trial period.

Stranded flat buyers to get completion loans

Jerusalem Post Reporter

RISHON LEZION. — An agreement has been reached between the official receiver of building contractor Haim Shechter and several hundred buyers of his apartments here enabling them to receive small loans to complete the building of their homes.

Construction was halted when

Shechter's company went into receivership several months ago. Mayor Meir Nitzan helped mediate an agreement with Bank Leumi (one of Shechter's main creditors) by which each purchaser can receive an 18-month loan worth up to \$3,000. However, it is believed this sum is insufficient for the majority of the purchasers.

Notable Canaanite finds in this year's City of David dig

Canaanite cities beneath the Israelite settlement provided the richest finds of this season's excavations at the City of David site in Jerusalem. Hebrew University Professor Yigal Shiloah said yesterday. At a press tour to mark the end of the seventh season, Shiloah, who directed the excavation, said that settlements of the 18th century BCE (Middle Bronze Age) and 3000 BCE (Early Bronze Age) had been excavated, yielding several remarkable finds.

Among the discoveries in the Middle Bronze Age town, associated with Melchizek king of Salem mentioned in Genesis 14, were incised bone inlays decorated with geometrical patterns, bird figures, carnelian beads and a decorated stone seal. Also found were pieces of gold leaf used to decorate statuettes and vessels.

The archaeologists are still trying to puzzle out the function of this Canaanite building in which these objects were found. They also want to clarify whether the earliest Canaanite community, of the Early Bronze Age, was a walled city, or belonged to the pre-urban phase.

On Tuesday, Tel Aviv Prof. Moshe Kochavi, who directed the

Tel Afek excavations near Petah Tikva, said that evidence had been found there that the urbanization period in this country dated back to around 3000 BCE.

At the Israelite level in the City of David a large structure, believed to be a residential building, was uncovered dating to the 10th century BCE. This is the first time that residential units from the Jerusalem of David and Solomon have been uncovered.

Excavations were completed in the controversial Area G, and the finds are being prepared for publication. The area is being preserved as an archaeological garden, which will include the ancient water system.

The Hebrew University, the Israel Exploration Society, the Jerusalem Foundation and a group of South African sponsors headed by Mendel Kaplan sponsored the seven seasons of excavations at the City of David site. Volunteers from all over the world assisted again at this year's dig, as well as special groups from the University of California at San Diego, University of Cape Town and Ambassador College.

To date 12 areas have been excavated, covering 3.5 dunams. Twenty-five layers of settlement have been uncovered.

2 soldiers, 2 policemen, cited in North

By MENAHEM HOROWITZ
Jerusalem Post Reporter

SAFAD. — OC Northern Command Aluf Uri Orr yesterday presented citations to two Israel Defence Forces soldiers and two policemen.

Seren (captain) Ya'acov Baniel, a medical officer in an infantry battalion during the Lebanon War, was cited for courage and initiative in caring for his unit's numerous wounded. He also organized defensive measures that prevented more casualties.

Rav-Turai (corporal) David Iluz was cited for two actions. He opened fire on the explosive vehicle which was headed for the Tyre military headquarters on November 4, 1983 in an attempt to prevent it

approaching the building. He later captured a number of security prisoners who tried to escape in the confusion after that explosion.

Police Rav-Samir-Rishon (staff sergeant major) Eli Cohen and Rav-Samir (sgt.-maj.) Yurissov displayed alertness when they discovered an explosive vehicle at Rosh Hanikra.

Papuan ends visit

LOD (Iltim). — The education minister of Papua-New Guinea, Sir Barry Holloway, yesterday ended a four-day visit to Israel.

While here he concluded a purchasing deal with the Israel Aircraft Industries and conducted talks with Education and Culture and Agriculture Ministry officials.

Kach men disrupt press conference

By MICHAEL YUDELMAN
and LEA LEVAVI
Jerusalem Post Reporters

TEL AVIV. — Beit Sokolov was put under police protection yesterday morning, following a disturbance caused by Kach members, who tried to break up a news conference given by representatives of the town of Umm al-Fahm. Five men — three Kach members and two others — were arrested.

Shortly after 11 a.m., as the news conference was about to begin, three muscular men wearing yellow T-shirts bearing the clenched-fist symbol of the Kach movement burst into the meeting room and began shouting.

Doron Wilner, son of Communist Knesset Member Meir Wilner, reportedly tried to stop them and a fistfight began. National Federation of Israeli Journalists secretary-general Yona Shimshi heard the commotion and called the police, who came and arrested five men. One of them was released after questioning, while the rest remained in

custody. Shimshi filed a complaint with the police over the disturbance.

When the news conference got under way, it was announced that an Arab-Jewish protest march against Meir Kahane and his movement will be held in Umm al-Fahm on Saturday.

Hashim-Mehamid, chairman of the Umm al-Fahm Local Council and No.5 on the Communist-dominated Democratic Front for Peace and Equality Knesset list, said he expects about 10,000 visitors at the protest march and demonstration, most of them Jews. Several rabbis, he said, have been invited, and have been promised places to stay on Friday night and kosher food. He would not give their names, saying he would fear for their safety if their identity were revealed in advance.

Among those scheduled to speak at the demonstration are Nathan Zach, Professor Shaul Friedlander, MK Yosef Sarid, Uri Avnery, and Meir Wilner.

Mehamid urged the Knesset to

pass laws against racism, an endeavour in which he hopes all political parties regardless of ideology (except of course for Kahane) will participate. He also urged the Ministry of Education to educate Jewish children against racism, to eliminate books from the schools that describe Israeli Arabs as enemies, and to teach Jewish children more about Arab history and literature.

He also attacked the news media for providing inaccurate information about Israeli Arabs and complained that there is a tendency in Israel to dehumanize the Arab. "I was sitting in an office at the airport and the woman there said 'Mr. Cohen is going to Vienna and the Arab is going to Paris,' he cited as an example.

Asked if there is not an equal need to educate Arab youth against radicalism, he said Arab youngsters are now the ones being threatened. He denied that anyone in Umm al-Fahm has ever talked at a demonstration about wanting to throw the Jews into the sea.

"If one individual takes down the Israeli flag at night and puts up the PLO flag in its place, that's the act of one person. Here, we are talking about a political movement whose leader is now a member of the Knesset and whose actions are public and in broad daylight," he said.

Mehamid said Kahane tried to come to Umm al-Fahm two years ago but was arrested by the police before he got into the village. This time, he said, Kahane would probably bring more supporters, and he hoped the police would thwart any attempt by Kahane to enter the village.

If they do not, he said, Umm al-Fahm residents will resist him with every means at their disposal, including stones and other means of self-defence measures, "as required."

Artist threatened after denouncing Kahane

Jerusalem Post Reporter

TEL AVIV. — Painter Andrei Kielczynski, a member of the Herut Central Committee, complained to the police that two men threatened his life following the publication of his statements about Meir Kahane in the weekly *Ha'olam Hazeq* on Tuesday.

"I am a right-winger but not a fascist," Kielczynski told *The Jerusalem Post* yesterday. "And after Kahane was elected as a Knesset member, I decided to expose him."

Kielczynski for a time worked with Kahane and ran the Kach movement. When Kahane was detained by the police, he quoted Kahane as saying about former

prime minister Menachem Begin: "Begin, that traitor, that mummy, he should be hanged in Kilat Malchei Yisrael."

According to the article, Kahane told Kielczynski that the Arabs should not only be deported, but should be killed one by one. He also said that left-wingers should be killed, because they are beasts.

After *Ha'olam Hazeq* was published on Tuesday, two men "closed in" on Kielczynski at the entrance to his apartment in Rehov Bartenara. They told him that he would be "eliminated." When he made a movement to protect himself, they must have thought he had a gun and ran away, he said.

Egged threatens to halt

Defence Ministry buses

Jerusalem Post Reporter

TEL AVIV. — Defence Ministry and Egged bus cooperative officials are holding talks in an attempt to avert a threatened halt by Egged of its chartered bus services to the Israel Defence Forces and the Military Industries.

Egged has threatened to stop this service from Sunday unless the ministry agrees to pay higher rates for the charters. The ministry has refused to recognize Egged's price increases, which became decontrolled last September and have risen with inflation. Egged claims it provides hundreds of buses daily to ministry installations at a severe loss.

If no agreement is reached by Sunday, the IDF plans to use its own vehicles to provide transport. The threatened halt of charter service would not affect Egged's civilian charters or the present agreement permitting soldiers to travel at reduced fares on regular inter-urban Egged lines.

Seedless watermelons — marketplace star

Jerusalem Post Reporter

TEL AVIV. — Demand for the new seedless watermelons has outpaced supply, and Kibbutz Nahal Oz is having a time of it producing enough of this fruit, which is selling at IS80 per kilo in the marketplace.

The fruit's season ends in about two weeks.

The new melon looks like the regular variety, striped green, on the

outside. But inside it is red, meaty and sweet. Some of the watermelons have small white seeds but these are easily swallowed.

Growers say it is cheaper to harvest, firm and travels well, and can be kept longer in storage.

Tnava, which does the marketing, says there is no danger to small children as there is from the seeds of regular watermelons.

Mayor of Kiryat Gat 'puts opponents in place'

KIRYAT GAT (Iltim). — Having

in his own words, "put the opposition in their place and shown them that they are a minority," Mayor David Magen said yesterday that he would call a council meeting.

Magen was speaking after he and his seven Likud colleagues failed to turn up to a meeting, called by the seven council opposition members to discuss raising municipal taxes. He conceded that the opposition had the right to summon a council meeting, but pointed out that members could not be "compelled to attend."

Opposition members of the Kiryat Gat council maintained that Magen had deliberately avoided calling meetings. Their appeals to the Interior Ministry's district representative to intervene had proved fruitless, they said.

Man indicted, remanded

in abuse of stepdaughter

HAIFA (Iltim). — The Haifa District Court yesterday extended the remand of a man accused of committing indecent acts on his young stepdaughter over a period of seven years. The court also barred publication of the names of the defendant, 68, and anyone else involved in the case.

The indictment states that the accused forced his stepdaughter, 14, to submit to various indecent acts, including attempted sodomy. The defendant is also accused of intimidating the girl to participate in the acts, by threatening to divorce her mother and to murder family members if she refused.

CEMETERY. — A cemetery for enemy dead near Rosh Pina has been restored, following complaints last year that it had been neglected. Buried there are enemy dead from the Yom Kippur War, the Lebanon War and several encounters between Israeli forces and terrorists.

AMERICAN JEWISH CONGRESS FORUM

American Jews and the U.S. Elections: Prospects, Projections, and Prophecies

A panel discussion on the 1984 presidential election

Moderator: Henry Siegman, Executive Director, A.J. Congress
Panelists: Betty Friedan, author of "The Feminine Mystique"
Theodore R. Mann, President, A.J. Congress
Phil Baum, associate executive director, A.J. Congress

TONIGHT: August 2, 1984 at 7:30 p.m.

THE PUBLIC IS INVITED

Van Leer Jerusalem Foundation
43 Jabotinsky Street, Jerusalem

Hongkong pact to be initialled next month

HONGKONG (AP). — British Foreign Secretary Sir Geoffrey Howe said yesterday that Britain and China would initial in September a draft agreement on the 1997 Chinese takeover of Hongkong. He said it will set up a joint liaison group giving Britain a consultative voice in Hongkong's affairs until the year 2000.

Howe, speaking at a news conference, also said the agreement would stipulate that the people of Hongkong will retain their legal and judicial system and the right of ownership of property for 50 years after Britain's lease on the territory ends in 1997.

Howe, who arrived here Tuesday after four days of talks with Chinese leaders in Peking, said the agreement and its annexes "will all be

legally binding."

He said the joint liaison group would be formed when the agreement comes into force and will meet in Peking, London, and Hongkong. In 1988, it will establish its base here, he said.

Howe dismissed fears in Hongkong that the group would give China a significant voice on all decisions on the colony before 1997.

He said the group will "not be an organ of power" and will have no supervisory or administrative role.

He said the pact will retain Hongkong's legal and judicial system with the right of final appeal vested in the courts of Hongkong. The people of Hongkong will also retain "the rights of ownership of property and free movement of goods."

E. Germans ease visit rules to enable W. German loan

BONN (Reuters). — East German yesterday began implementing political concessions in return for a 950 million mark (US\$2.2 billion) loan from a consortium of West German banks, government sources said.

Although there was no mention of the concessions in the East German news media, officials in the West German Inter-German Affairs Ministry confirmed that pensioners visiting East Berlin yesterday were having to exchange only 15 marks (US\$1.46) into East German currency instead of the 25 marks (US\$2.40) demanded previously.

This was one of the measures agreed by the East Germans in return for the loan, which was approved by Bonn last week.

Under the deal, East German pensioners and invalids are also allowed to visit friends, and not just relatives, in West Germany and their maximum stay is increased from 30 to 60 days.

The officials said they could not yet confirm whether this concession was being implemented.

After Bonn approved a credit of one billion marks (US\$976.6 million) almost a year ago, East Germany made similar political concessions.

These included exemption for children from the compulsory changing of marks into East German money during visits and the dismantling of automatic scatter guns mounted along the East German border to deter would-be escapees.

South Africa to close its Wellington mission

WELLINGTON (Reuters). — South Africa will immediately close its diplomatic mission in New Zealand, New Zealand's Prime Minister David Lange announced yesterday.

He said in a statement that South African consul-general Alan Harvey had informed the government yesterday that South Africa had "decided to close down its consulate-general forthwith."

Lange said the South African consulate would be closed after his Labour Party won the general election on July 14, but he did not set a deadline.

South African Foreign Minister P. W. Botha on Tuesday hinted the move might be imminent when he said the consulate would be closed immediately if New Zealand confirmed that it wanted the consul to leave.

Rogue driver charged after LA rampage

LOS ANGELES (AP). — Fifty-five felony charges, including one murder count, were filed on Tuesday against a former mental patient arrested after a car plowed into people on a crowded sidewalk near an Olympic village last week.

Daniel Lee Young was charged with one count of murder in the death of a 15-year-old girl, and 54 counts of attempted murder — one for each victim injured when the car mowed down screaming pedestrians on Friday night.

Young, 21, who has been held without bail since his arrest, has shown no remorse for his victims and is mentally fit to face the charges, District Attorney Robert Philbrian said at a news conference.

Solidarity march in Warsaw on 1944 uprising anniversary

WARSAW. — Thousands of Solidarity sympathizers marched peacefully through central Warsaw on Tuesday night and laid a wreath at the tomb of Poland's Unknown Soldier on the eve of the 40th anniversary of the Warsaw uprising against Nazi occupation.

The police did not interfere with the mass, at which Cardinal Joseph Glemp preached in Warsaw cathedral. The crowd later dispersed without trouble.

Opposition sources said 5,000 people took part in the march. They chanted the names of Solidarity leaders Lech Walesa and Zbigniew Bujak and called for the release of captured underground activist Bogdan Lis, who is accused of treason for opposing Communist rule.

The peaceful atmosphere contrasted with the violence in Warsaw

Egypt insists waterway is safe Three ships report damage by blasts near Suez Canal

FIRDAN, Egypt (Reuters). — Egypt yesterday repeated statements that the Suez Canal remains safe for ships after Lloyd's of London said three ships reported being damaged by explosions in the Red Sea, just south of the waterway.

"The Suez Canal waters are clean and safe for international navigation," Mohammed Adel Ezzat, chairman of the Suez Canal Authority, said. "If there were serious damage we would publicly and officially make a statement in order to avoid serious risks."

The shipping intelligence service of Lloyd's, the insurance exchange, identified the damaged ships as the 19,000-ton Liberian-registered Medi Sea, the 18,000-ton Japanese vehicle carrier, the Meiyou Maru, and the 846-ton Panamanian-registered Big Orange XII.

At a news conference on the banks of the canal, Ezzat said he believed the blasts could have been caused by explosives used by workers on offshore oil rigs which dot the area.

But an anonymous caller purporting to represent the Jihad Organization on Tuesday told news agencies in London his group had planted 190 mines in the Gulf of Suez, south of the canal's Red Sea exit, and in the Bab al-Mandeb Strait linking the Red Sea and the Indian Ocean.

Ezzat and other Egyptian officials are at pains to emphasize the reported explosions occurred not in the canal itself but in the Gulf of Suez — at least 25 nautical miles south of the canal according to positions given by ships' masters to Lloyd's of London.

Ezzat said the navy was now searching the area, probably using seismic scanning devices. Checks were also being made in the vicinity of the oil rigs.

Prime Minister Kamal Hassan Ali said yesterday that there was no danger to vessels using the Suez Canal.

A total of 60 ships sailed through the canal on Tuesday and 58 transited yesterday.

Viking island going for £1.4m. off Scottish coast

LONDON (AP). — An island with legends of treasure buried by Vikings and smugglers is for sale off the Scottish coast, but buyers are advised to apply with treasure already in hand — the price is more than \$1.4 million.

The 760-acre Isle of Tanera More was used as a Viking base more than 1,000 years ago and its name comes from the Old Norse for island of haven, said James Dalrymple-Hamilton, an Edinburgh real estate agent.

"It is reputed that there is treasure buried on it, either by Vikings or

smugglers," he said on Tuesday. "They're just rumours, there's nothing to substantiate it, and no one's ever found any treasure."

Situated in the Summer Isles 1.6 km. off the Scottish coast, Tanera More has a horseshoe-shaped harbour, ruins of a fishing station that prospered in the 18th and 19th centuries, and a modern salmon farm built up by the current English owners.

The agents are inviting offers of over \$975,000 for the island and \$455,000 for the salmon farm stocked with 75,000 salmon.

Soviet army daily: Tank crews can't shoot straight

MOSCOW (Reuters). — Spot checks on Soviet tank units last month revealed that young crewmen could not drive the machines properly or shoot straight, the army daily Red Star reported yesterday.

It said military chiefs were seriously concerned about the poor standards revealed by the checks in the Urals military district, one of the main areas for training soldiers for

the country's vast tank armies.

The main reason was their instructors were poorly equipped to deal with their task.

The training units were given a week to improve their standards but subsequent checks showed there had been no change at all, the daily said.

It charged that indifference and inertia among the officers were to blame.

100 hurt in 747 fire

BAHRAIN (Reuters). — Fire broke out on a Kuwait Airways Boeing 747 on the ground at Dubai airport yesterday, injuring 100 passengers, an official of the airline said.

The official said the 100 passengers were only slightly injured and being treated in airport and city hospitals.

UK beaches get all-clear

LONDON (Reuters). — The British government sounded an all-clear yesterday for beaches near the controversial Sellafield nuclear reprocessing plant in northern England.

The area was closed to the public last November after beaches were contaminated by radioactive waste from the plant.

The Yanks hog Olympic gold

LOS ANGELES (Reuters, AP). — After three days of Olympic competition, the United States have won more gold medals than all their rivals combined, evidence of how the Soviet-led boycott is turning the Games into a lopsided contest.

The strains of "The Star-Spangled Banner" sounded seven times yesterday as the Americans increased their haul of gold to 11.7 more than China, who won two events during the day.

The Americans won all five swimming events on Tuesday — yesterday was a rest day for swimmers, and scored a surprising success in the gymnastics, including winning their first medal for 80 years in the men's team event.

The Chinese, making their first appearance at the summer Olympics since 1952, are the focus of much media attention and are immensely popular with the crowd. They have done very well indeed, and, with four gold medals, lie second to the U.S. in the unofficial points table.

The Rumanians are even more popular, because they dared to defy the boycotting Russian giant. But

their popularity has not brought them medals so far. The Los Angeles Organizing Committee has confirmed that it and the Israel Olympic Committee paid \$60,000 each towards the cost of transport of the Rumanians. Owing to the boycott, no other team was available to share a special charter plane with them, so they were in a financial bind.

Outside the Olympic venues, the city's elaborate plans for staging a trouble-free Games seemed to be working more smoothly than officials could have dared to hope.

The notorious smog has been unusually light, along with the massive traffic jams which help to create it. So far, residents of this car-mad metropolis have heeded official appeals to use public transport and share car travel. The freeway network has been remarkably unclogged.

Sports fans in communist East Bloc states boycotting the Games are being fed most of the bare facts by state-controlled media but little of the colour and atmosphere.

Coverage varies widely between countries. Bulgaria, East Germany

Olympic medals				
	Gold	Silver	Bronze	Total
U.S.	11	6	1	18
China	4	2	3	9
Germany	3	1	3	7
Canada	3	1	0	4
Australia	0	1	4	5
G.B.	0	1	2	3
Italy	1	1	0	2
France	0	1	1	2
Japan	0	0	2	2
Netherlands	0	0	1	1
Brazil	0	1	0	1
Colombia	0	1	0	1
Peru	0	1	0	1
Sweden	0	1	0	1
Belgium	0	0	1	1
Norway	0	0	1	1

and Czechoslovakia have scant television coverage, with anti-U.S. comments, while Hungary broadcasts one hour a day of straight sports film.

Rumania, the only Communist bloc member not to join the Soviet-led pull-out, is giving fans a treat with two 90-minute special TV programmes a day: Commentaries are strictly sporting and discreetly ignore the boycott by brother Socialist states.

For hundreds of thousands of Czechoslovak and East German sports enthusiasts living near their Western frontiers, the solution is simple. A switch of channel brings in West German or Austrian television broadcasts which devote hours to the Games.

Only 3 more Olympic swim records

After six world swimming records fell in the first two days of competition here, the third day's races produced only three Olympic records and no world marks.

Tiffany Cohen set one Olympic record in winning the women's 400-metre freestyle in 4 minutes 7.10 seconds, easily eclipsing the 4:08.76 set by Ines Diers of East Germany in Moscow in 1980. She was more than three seconds faster than silver medalist Sarah Hardcastle of Britain. June Croft of Britain won the bronze.



Rowdy Gaines triumphant in 100m. free-style. (UPI)

In the men's 100-metre freestyle, American Rowdy Gaines won in Olympic record time of 49.80 but was slower than his own world record of 49.36. American Jim Montgomery had set the old Olympic mark of 49.99 in 1976.

Mark Stockwell won the silver medal in 50.24, an Australian record, and Per Johansson of Sweden captured the bronze in 50.31.

American Rick Carey set an Olympic record of 1:58.99 in qualifying for the men's 200-metre backstroke but was slower in the final, winning the gold medal in 2:00.23, well behind his own world record of 1:58.86.

"I just feel that's a pretty slow time," a disappointed Carey said later. "I've done almost better in workouts. I just thought with the excitement I'd be a little faster."

Americans Theresa Andrews and Betsy Mitchell finished 1-2 in the women's 100-metre backstroke and an American quartet won the women's 4 x 100-metre freestyle relay in 3:43.43, with the Netherlands second in 3:44.40 and West Germany third in 3:45.56.

Cohen was delighted with her win, but would have liked the bonus of a world record.

"It has always been a goal of mine to break a world record. I intend to keep training hard and someday it will come," she said.

West German Olympian Michael Gross is becoming an international swimming hero as the gold medal-winning "Albatross" with the long arms, but admits he can't equal American Mark Spitz's record of seven gold medals.

"I'm Mike Gross, not Mark Spitz," said the 20-year-old Gross of Frankfurt who has already earned two gold medals and a silver. "I believe it is practically impossible to think that someone would win seven golds."

Gross came to an Olympic press interview for the first time since the Games began, saying "I'm not used to having such turmoil and tension."

He said, "I sometimes get too much attention, but it doesn't mean I don't like it. Athletes have to have privacy. That's why they put themselves into capsules."

Gross was inducted into the army before he came to the Games. He is a prohibitive favourite to win another gold in the 200 metre butterfly and will compete in two more relays.

I am satisfied to win two gold medals but another would be good," he said. "I will take as many as I can get."

There was no swimming yesterday.

Dismal days for Israelis

By TOM TUGEND
Jerusalem Post Correspondent

LOS ANGELES. — Nothing is going right for the Israeli squad at the Olympics, apart from Yehuda Ben-Haim's first bout win in the boxing.

The yachtsmen, on whom the brightest hopes for medals were pinned, have got off to a very moderate start. According to unofficial results, Shimon Brockman and Eitan Friedlander are lying 13 out of 28 in the 470 class. Yoel Sela and Eldad Amir are 10th out of 17 in the Flying Dutchman class. Yehuda Etgedi is 15 out of 37 among the windgliders. There have been many protests about the judging in the yachting events.

Hadar Rubinstein was 21st out of 26 in the 400m. freestyle swimming, in 4:34.95. Still suffering from the after-effects of bronchitis, she was scared to take antibiotics, lest she be accused of being on drugs.

Gymnasts Yohanan Moyal and Yaakov Levin finished 68 and 70 out of 71 in the gymnastics.

China edges France

LOS ANGELES (Reuters). — China headed France their second heart-breaking loss of the Olympic basketball tournament, overcoming a 16-point deficit in the second half with tenacious defence for an 85-83 (48-39) victory.

Shlomo's great win

NORTH CONWAY, New Hampshire (AP). — Shlomo Glickstein of Israel defeated Headrick Sundstrom, the No. 2 seed, 7-6 (9-7), 6-4 in the first round of the \$255,000 Volvo International Tennis Tournament here.

In the first set, after the score was tied 6-6, Sundstrom jumped to a 6-2 lead in the tie-breaker. But Glickstein recovered point by point, and eventually took the tie-breaker 9-7. He was in control of the second set from 4-4 to its conclusion.

After the match, Sundstrom said "Shlomo was playing very very well. I did the best I could."

Glickstein said that Sundstrom didn't play from the baseline as much as he usually did, but went for his shots. About the tie-breaker, Glickstein said, "When it was 6-2, I thought it was over. I just wanted to serve 6-3."

The defending champion, Jose-Luis Clerc, the No. 3 seed, withdrew owing to injured stomach muscles. The No. 3 seed, Tomas Smid, was beaten by Alejandro Gonzalez of Argentina.

Other winners include Cassio Motta, Josko Nystrom, Brian Gottfried, Roberto Arguello and Marc Flur.

American dazzle

LOS ANGELES (Reuters). — The United States won their first Olympic men's team gold medal in 80 years last night after defeating world champions China with a dazzling display of gymnastics.

Seven perfect scores of 10 were recorded — three each for the United States and China and one for Japan — as the glorious Americans powered to a shock victory.

Mitch Gaylord, Bart Conner and Tim Daggett were America's heroes, notching perfect scores of 10 on the rings, parallel bars and high bar, respectively, in the deciding optional exercises competition.

The Chinese tried to hit back with tens from Tong Fei and Li Ning on rings and Lou Yun on vault, but they struggled to overhaul the 1.05 point cushion the Americans brought into the finals from Sunday's compulsory routines.

The Americans finished on 591.40 points with the Chinese second with 590.80. Shinji Mouri contributed 10 on the horizontal bar to give Japan the bronze on 586.70.

But judging disputes, which mar nearly every major championship, have caused an uproar in the Olympic women's team compulsories.

It could not be otherwise in a sport where subjective standards and nationalistic feelings of panel members commonly influence scoring.

The debate over low marks given to American women on balance beam by a Romanian smirmer for several hours but died after the compulsory session was completed.

U.S. coach Don Peters had angrily denounced the judging of Julia Roterescu at a news conference, citing a 9.4 given to Tracee Talavera.

"I don't understand why she wasn't removed from the floor. Her scoring was abominable," Peters told reporters.

He failed to mention that a U.S. judge on the same apparatus gave Talavera a 9.8 and marked four of the six Americans higher than any other balance beam judge.

Several coaches had already alluded critically to the judging before Peters' outburst.

"In gymnastics, there is no stop watch or tape to go by," said Japanese coach Abe Kazuo, referring to the lack of consistency in scoring for the men's compulsories.

Yuri Titov of the Soviet Union, President of the International Gymnastics Federation, smiled when asked whether he thought the Romanian judge had treated American girls unfairly.

"Do you think the American judge marked on a fair level?" he replied, hinting at partisanship in the U.S. camp.

Bad-tempered hockey

LOS ANGELES (Reuters). — Defending champions India beat Malaysia 3-1 in a bad-tempered Olympic men's hockey match yesterday in which five players received temporary suspensions.

Two goals in the last four minutes gave India their victory and they now lie second in group 'A' behind Australia, who beat Spain 3-1.

West Germany, 4-0 winners over the United States, are third in the section, also with two wins.

Captain Zafar Iqbal was one of four Indians who spent a spell off the field in a match marred by indecisive umpiring.

Gold medal favourites Australia maintained their superiority with a 3-1 victory over 1980 silver medalists Spain.

India's team also raised a sharp protest over a demonstration by "supporters of an extremist and terrorist political movement" — pre-

sumably Sikhs — who tore up an Indian flag during a match between the United States and India on the opening day of the Games.

But Robbie Robertson, security chief at the match, described it as a "minor incident." India won the match 5-1.

Italy through to quarters

LOS ANGELES (Reuters). — Italy became the first team to qualify for the last eight of the Olympic soccer tournament when they beat the United States 1-0 in a Group D qualifying match.

The victory gave the Italians four points, enough to assure them of at least second place in the final group standings.

France and Chile moved closer to the quarter-finals with victories over Group A rivals Norway and Qatar respectively.

Olympics handball

Sweden 26, South Korea 23; Denmark 21, Spain 16; Switzerland 20, Japan 13; Rumania 25, Algeria 16; Yugoslavia 22, Iceland 22.

The Israel Tourist and Travel Agents Association

Important, Urgent Notice to Those Travelling Abroad

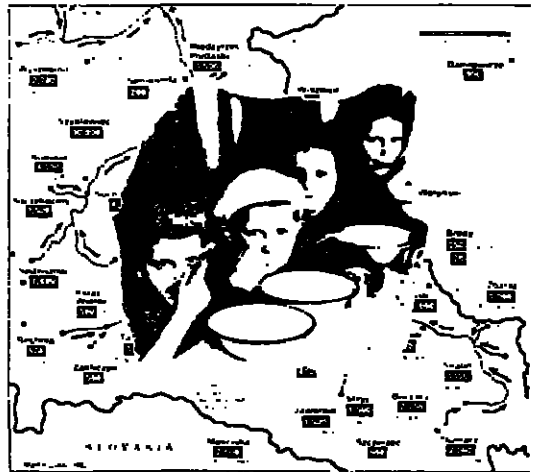
In accordance with the amended Emergency Regulations (Surcharge on Imported Services) 1984, and the associated administrative instructions, we wish to notify those intending to travel abroad of their obligation to pay the surcharge (at a rate of 15% on the amount paid for ground services); they should obtain written confirmation of payment from their travel agent.

Travellers will need this confirmation, when leaving the country. The departure of those who do not possess the confirmation may be delayed, and they may not receive ground services abroad (e.g., hotels, car rentals, tours, etc.).

This notice applies also to travellers who paid in full for ground services, before August 1, 1984.

The Israel Tourist and Travel Agents Association

ATLAS OF THE HOLOCAUST



MARTIN GILBERT

A stark, compelling record of the Holocaust's rampage through Europe from a historical and statistical point of view. With 316 comprehensive, fully annotated maps, presented in chronological order from the pre-war years to after the liberation, author/cartographer Gilbert traces each phase of the Holocaust in every corner of the continent. The maps bear witness to the tragedy as it unfolded month by month and week by week, in each of the Jewish communities of Europe, including the more than 200 acts of resistance and revolt, areas of Jewish partisan activity, avenues of escape and rescue, and the fate of individuals. Softcover, includes numerous photographs, index, extensive bibliography, 256 pages. Published by Michael Joseph Ltd., London. PRICE: IS 2942

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Price valid until August 31, 1984.

Monthly review of foreign money markets / PINHAS LANDAU

U.S. dollar drives onwards and upwards

The remorseless advance of the U.S. dollar against the other major currencies continued apace in the course of July. The underlying rationale for the dollar's strength remained unchanged, and the trends in the market were no more than a reflection of this ongoing reality.

In the last days of the month the dollar reached the 2.90 level against the German mark, the highest point in the last 11½ years. The dollar/mark relationship is regarded as the key barometer of the dollar's strength - or weakness - and the other currencies move in line with this barometer. For most of the month the trading range was in the 2.80-2.85 area, but it eventually fell

to 2.86, then 2.88 and crossed the 2.90 marker briefly, before moving back under pressure of profit-taking.

The Swiss franc fell even more sharply, to a low of 2.46, and the weaker European currencies, such as the French franc, Belgian franc and Italian lira all made successive new lows. The French unit is now in sight of the 9 francs per dollar level, and the lira approaching 1,800 to the dollar.

The pound sterling also registered all-time lows against the dollar, but here the timing was affected by other factors. When the dockworkers in Britain struck in support of the miners, thereby blocking the flow of trade in and out of the country, a serious run on the pound developed and it slipped briefly below \$1.30, touching \$1.29. The Bank of England "signalled" to the big four domestic banks that it would like to see a rise in sterling interest rates, and these rose, first by one per cent and then by a further 2 per cent, so

that the Base Rate reached 12 per cent. These drastic moves succeeded in stabilizing the market, and the end of the dock strike also helped to take sterling back above \$1.30 to the pound, even as the other currencies were weakening further against the dollar.

The continuing pressure on oil prices from the worldwide glut in supply is another factor that is putting downward pressure on sterling, and the British economy as a whole, since much of the balance-of-payments surplus of the last years has been from oil exports. However, contract prices have so far held firm, though spot prices are well below the official Opec levels.

The Japanese yen was exceptionally weak in July, an unusual and puzzling phenomenon for analysts, who are used to seeing the Japanese central bank hold tight control of the currency. It fell as low as 246 to the dollar, and speculation abounds that the Japanese authorities will be forced to raise interest rates on the yen. This is something they have traditionally been loath to do, since the growth of Japanese industry has been based on the availability of cheap credit.

The weakness of the yen, despite the enormous and record-breaking surplus in the Japanese balance-of-payments, underlines the currency market's obsession with monetary considerations - primarily, the very high interest rates available on dollar deposits compared to other currencies, and its failure to pay more than fleeting attention to trade and budgetary considerations. Thus the fact that the deficit in the U.S. balance of payments makes new highs almost every month, and that no real steps have been taken to cut the size of the American government's budget deficit (now estimated at about \$175 billion for this financial year to October 1, 1984), play a minor role, if any, in the calculations of traders.

The strength of the dollar continues to stem from the same basic forces that have been dominant for the last two years. First and foremost among these are the high rates of interest available to investors in dollar-denominated deposits. Although Paul Volcker, the chairman of the Federal Reserve Board, told Congress last week that there was no need for further tightening of monetary policy, and that interest rates were unlikely to rise further this year - a statement which brought some relief to the beleaguered bond market - his good tidings were soon forgotten.

Dr. Henry Kaufman, the chief economist at Salomon Brothers, and the most respected of the Wall Street "soothsayers," reiterated his forecast of still-higher interest rates, saying he expected prime rates to reach 14-15 per cent by year-end, from the current 13 per cent level. The low inflation figures, in fact lower than even the optimists had predicted, continued with the publication of a 0.2 per cent rise in the Consumer Price Index for June, and the producer price level remained unchanged for the third month running. (By way of comparison, the Consumer Price Index in Israel goes up 0.2 per cent every 10 hours, at current rates.)

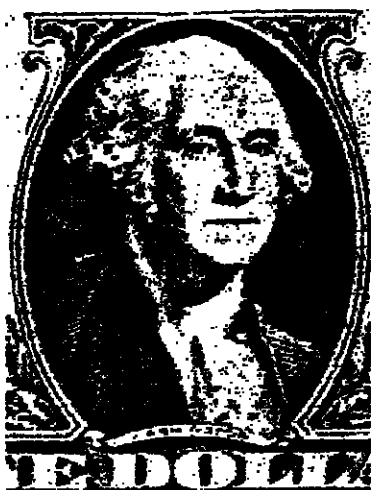
Low inflation and high interest rates are producing real returns on risk-free monetary instruments of 6-8 per cent, which is far higher than the alternative in any other currency, hence the attractiveness of the dollar. In addition, the dollar's rise in value produces capital gains for those whose standing point is a non-dollar unit.

Furthermore, the tremendous growth rate in the real economy in the U.S., which is, of course, the source for the loan demand which is pushing interest rates up, is showing no signs of slackening.

"The economy's strength continues to baffle the forecasters," was the New York Times' comment on the 7.5 per cent annual rate of real growth in G.N.P. in the second quarter, compared to the 5.7 per cent earlier forecast. Although less than the 10.1 per cent first quarter figure - itself revised upward - this is still extremely strong, and the period of January 1983-June 1984 marks the most powerful recovery in the American economy since 1949.

The last factor in the dollar's strength is its new role as a haven currency, a protection against unforeseen and negative contingencies. This was underscored recently by the virtual nationalisation of the Continental Illinois Bank of Chicago, which proved that the administration would not let any major bank go under. The Federal Deposit Insurance Corporation injected \$1b. of new capital and took responsibility for \$3.5b. of bad debts. The previous management was replaced by government appointees from the banking industry.

With the dollar acting as a point of



Result of defaults by many trading partners The comeback of barter

By MACABEE DEAN
TEL AVIV. - The world's oldest form of trade - barter - is making a slow comeback. "Of course, there are so many modifications in the original concept of goods for goods, that a new term, countertrade, has been devised. But on the whole, the basic idea is to carry on trade without using money. And this method of countertrade is being used more and more by countries with non-convertible currencies."

This was stated yesterday by Shmuel Ben-Tovim, manager of Bartrade International Trade and Finance Co., which was recently established by Bank Leumi.

Ben-Tovim, former economic adviser to the Ministry of Industry and Trade, spent the last four years in New York as Consul and Trade Commissioner. Eliezer Lerner, former head of the regional management of Bank Leumi in the Western Hemisphere, is executive vice-president of Bartrade.

Ben-Tovim finds that many Israeli businessmen still don't have a clear idea of how the entire matter functions. Since prices are often discussed in dollars, which is an international currency, the Israeli businessman often thinks he will get paid in dollars. But when the day of settlement comes, he is given a promissory note which he can sell, or he is offered payment in goods.

Selling either the promissory note or the goods is a costly process, and he loses on the deal. If he had known from the outset where he could sell either, and how much it would cost him, he would have quoted an entirely different price when making the original deal, Ben-Tovim says.

However, he notes that Israelis are gradually learning the entire set-up, and he believes that they will soon master this difficult field of trade.

Although Israel has used countertrade for many years with East bloc countries, it was nearly always at government levels.

But the practice of countertrade between private businessmen here and abroad began increasing dramatically lately, when three groups of countries began to run into financial difficulties and their currencies be-

came "soft" or "non-convertible." These three groups are most of the Latin American countries, most of the "Black" African countries, and several nations in South-East Asia, such as Burma, the Philippines and Indonesia.

Israel's trade with the first two groups was hard hit due to these countries' financial difficulties. Our security exports to them were in the hundreds of millions of dollars each year. At a much lower level was the export of turnkey projects and construction deals (mainly by Koortrade and Solel Boneh). The only way to continue this trade is by countertrade methods.

The first variation on "strictly goods for goods" is called the "switch." Let us assume that East bloc country "A" is trading with South American country "B." After the deal is consummated, "B" owes "A" the equivalent of \$1 million in goods, but since "A" doesn't need these goods, it sells its rights to them to Israel, which does need them. Thus, Israel buys a document valued at \$10m. from "A" and picks up goods in "B."

The second main variation is called "counter purchase," or "offset." Let us assume that Israel buys coal from a South American country. Israel does not pay in cash, but offers the South American country a variety of goods from Israel, which will be delivered over a number of years.

A third variation consists of discounting promissory notes. Here Israel sells goods to country "C" and gets paid in a promissory note. The Israeli businessman discounts this promissory note with, let us say, Bartrade, and Bartrade tries to sell this note to another businessman, perhaps in Israel, perhaps in country "D" which does want goods or services from "C."

"One thing which must never be forgotten," Ben-Tovim says, "is that the price of barter, switching and discounting promissory notes is quite high."

Bartrade has already established contact with all the American banks which have countertrade departments, and it also has its own network of 75 bank offices abroad, as well as many correspondents.

Wage deal helps Leumi cut costs

Jerusalem Post Reporter
TEL AVIV. - Management and staff reached agreement on a wage package at Bank Leumi yesterday, which gave both sides something to show, while achieving the main aim of reducing the bank's overall wage bill - a key factor in the campaign to reduce expenses.

The agreement provides for a wage increase of 10 per cent, which will come into effect only from the beginning of 1985. In other words, the staff have forgone any wage increase for the whole of 1984. However, implementation of the agreement will be graduated, so that the lowest-paid personnel will receive part of their increases from September 1 this year, with further grades coming in on October 1, November and December.

Only the management and authorized signatories, the highest-paid grades, will not receive anything

until January 1, 1985.

A further concession on the part of the workers is in the field of vacations. Here, too, the amount forgone is on a sliding scale, in line with grades. Those at the bottom have agreed to forgo one day of vacation, and so up the line to the senior management level, who will lose a full 15 days of paid vacation from this year's quota.

On the other hand, the issue of individual advancement has been settled more in line with the staff position than that of management. The grade advances were not put off for separate consideration, as the management had wished, but they were even put into effect retroactively from the first of July.

(In the "good old days" of the banks, these advances and increases were paid retroactively to January, even if the agreement was finally struck in August or September.)

THE JEWISH AGENCY
ISRAEL EDUCATION FUND OF THE UNITED JEWISH APPEAL

Tender No. 81/507/84

1. THE JEWISH AGENCY (hereinafter the Agency) invites tenders from building contractors for the construction of a:

PREKINDERGARTEN NURSERY IN HOD HASHARON
WITHIN THE FRAMEWORK OF PROJECT RENEWAL

2. The projected construction is approximately 450 sq.m.
Conditions of the tender as well as all other pertinent information can be obtained from Thursday, August 2, 1984 from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9:00 a.m.-12 noon, against a non-refundable deposit of IS 10,000.

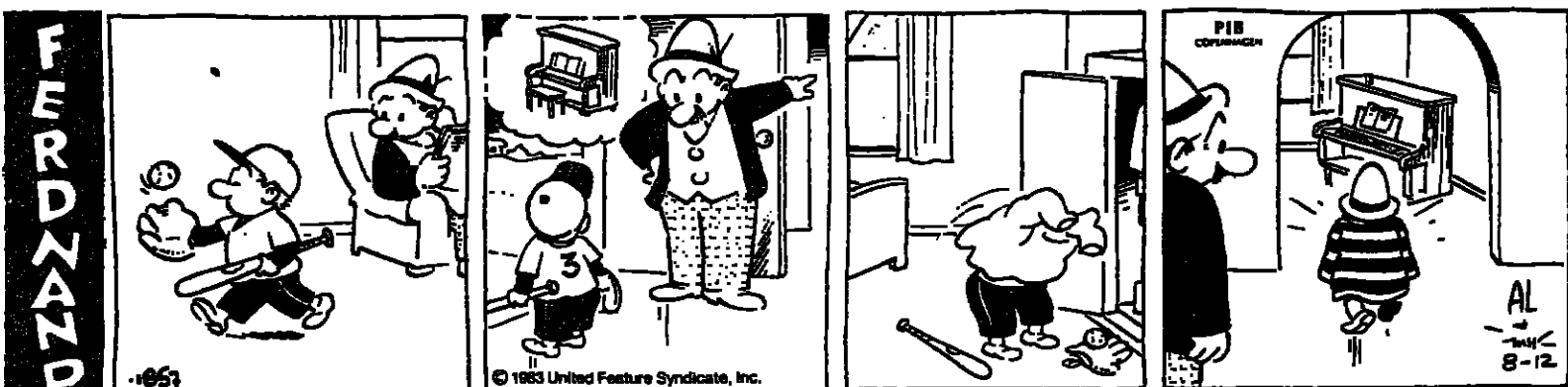
3. A special tour of the construction site for contractors will be held on Monday, Aug. 13, 1984, departing at 10 a.m. from the Hod Hasharon Local Council.

4. Bids should be submitted not later than 1:00 p.m. on Wednesday, Aug. 29, 1984 at the address mentioned in paragraph 3 above.

5. Conditions of payment, in cash, to be arranged according to the contract to be signed.

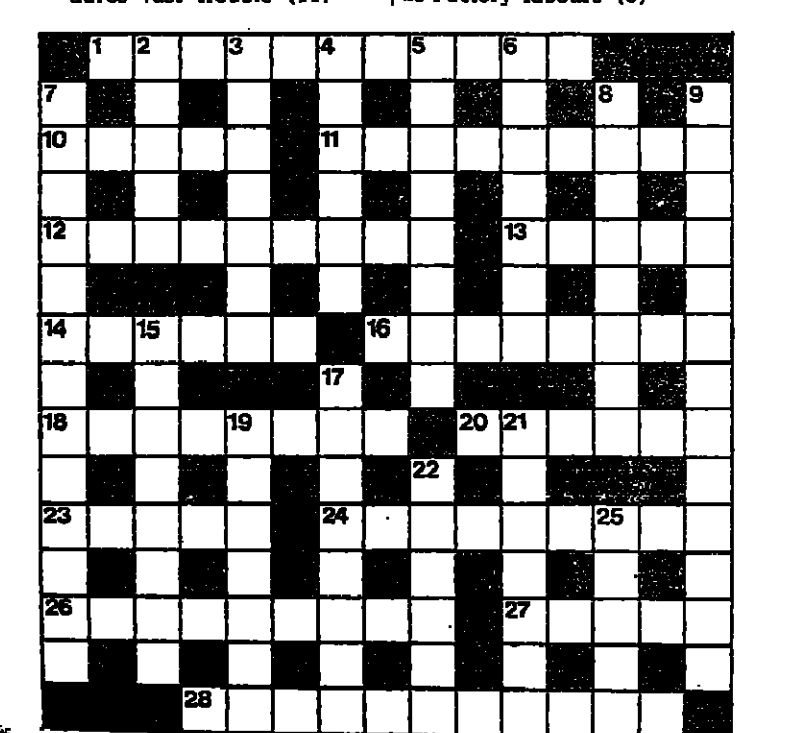
6. This tender is open only to contractors registered in accordance with the Act regarding Registration of Contractors for the execution of Engineering and Construction Works 1989 such contractors to abide by requirements of the Act and to be eligible to carry out the works as specified.

7. The Agency does not undertake to accept the lowest or any other bid.



ONE-AND-ONE CROSSWORD

- ACROSS**
- Press papers on record show waste in the metal industry? (4, 7)
 - Give out a share though it may not be as much as it sounds (5)
 - A small sprinkler used for a hot season (8-3)
 - Got back into fresh clothing? (9)
 - A foreigner on a bad line (5)
 - Noisy protest may follow tail-break (6)
 - Unsuitable salt terrain for Overlanders (8)
 - Sickening darling daughter displaying poor humour (3, 5)
 - Quiet one taken in by boss showing lack of judgment (8)
 - Plan nullified as part of scheme to abolish (5)
 - Furnish it with too much strength? Or crush it? (9)
 - Often the subject of a final announcement from the platform (4, 5)
 - Some fines Cyril scored (5)
 - Living by her wits she endures vast trouble (11)
- DOWN**
- Venerated shred of prophetic Hebrew exhibited in Roman church (5)
 - Renovation lacking in a structure, but it isn't finished (5, 4)
 - Significance of first Motorway switching quietly round to right (6)
 - Has the effrontery not even to blush! (8)
 - Angered about a pineapple? Chuck it, soldier! (7)
 - How a country-loving friend would be expected to behave (13)
 - Gets the chop and leaves the partnership (6, 3)
 - Endure a highway charge at the usual level (8, 5)
 - Height of excessive cape (8)
 - Steezy tap on shoulder for officer interrupting a rebel leader (8)
 - Told of having family connections (7)
 - One who faces life more cheerfully where there are lots of little tots (7)
 - If you want such an apple you must put up £10 (6)
 - Factory labours (5)



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Quick Solution

ACROSS: 5 Aunty, 8 Cyclones, 9 Aisle, 10 Fragment, 11 Mount, 12 Odd, 16 Soaster, 17 Unhappy, 18 Pad, 19 Guide, 24 Trickled, 25 Prince, 26 Marriage, 27 Stays. **DOWN**: 1 Sand, 2 Scram, 3 Comma, 4 Penned, 6 Unpopular, 7 Tidiness, 8 Downcast, 13 Makenly, 14 Cal, 15 Dull, 16 Abroad, 21 Accra, 22 Fieled, 23 Adieu.

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Price of profligacy

THE drastic fall during the last month in Israel's foreign currency reserves, reported yesterday by the Governor of the Bank of Israel, evidently represents the bill for the elections.

That bill is composed not only of the direct government payments into the economy in the form of increased subsidies and the like, which the government deployed to create a false sense of public well-being for electoral purposes. It also derives from all the necessary measures that were not taken, because of the elections, but which Mr. Gonen-Orgad understands must now be urgently implemented.

Until now it was routine to identify Yoram Aridor, the architect of the Likud's election economics in 1981, as the chief squanderer of the public purse for partisan political purpose. But the drain on the country's foreign reserves announced yesterday — which of course only made official what the government knew all along — shows that the title of profligate extraordinary should be transferred to the Shamir government, including the finance minister.

During the election campaign, Mr. Cohen-Orgad simply abdicated from his ministerial responsibility and assumed a responsibility that has no legal or statutory standing — plunderer of the exchequer for the sake of his party. And now he would call on the public, and especially salaried employees, to tighten their belts and pay the costs.

It would only be just if that forthcoming exercise in denial were reserved for the bumptious partisans who argued all the way into the polling booths that "we've never had it so good."

But we will all foot the bill. What that bill is, was made plain by Governor Mandelbaum yesterday. His statement about the urgent need for the government to take drastic steps to curb expenditure, curb inflation, and stem the decline in our foreign reserves is a plain and simple denunciation of the existing policies that were exacerbated during the election run-up.

Moreover, it is a statement of alarm not only at home; it will also cause alarm abroad where the matter of Israel's solvency is of intense interest.

The governor is to be commended for speaking out and for doing whatever the Bank of Israel can to avert economic disaster.

Unfortunately, that is less than it should be able to do. For one of the other notable achievements of Mr. Aridor was to emasculate the central bank. In the more distant past, the Bank of Israel was an independent force in its own right monitoring and restraining government tendencies to overspend.

The Likud, but especially Mr. Aridor, could not abide such independence, especially from a bank he paranoically associated with the opposition.

So today the Bank of Israel is largely a demoralized appendage of government, whose veteran cadre have resigned to go elsewhere. This vacuum itself helped make it possible for the government to print money to its heart's content, as if there were no tomorrow.

Mr. Shamir evidently understands the crisis well enough. He also understands what must be done. This did not prevent him from approving his party's election propaganda claim that recession was a devious Labour plot.

But now he fears that he and his party, if restored to power, would have to eat their words. He is anxious, therefore, for a unity government, to share the responsibility for Likud mismanagement with his political foes.

He is also anxious to do it quickly, lest the Likud may not have anything left to govern.

This is the true background to the Likud-Labour summit talks now underway. Emergency government intervention in the economy is the highest priority. Cohen-Orgad's stop-gap measures are no substitute.

Such intervention requires a broad government. Mr. Shamir and his party, who authored the crisis, are not embarrassed to demand that under their direction, Labour should now help in bailing them out. That is called national responsibility. A better term would be gall.

True national responsibility would dictate that Mr. Shamir offer his help and his party to enable a unity government led by someone else to get the country out of the mess they wilfully created.

The present Labour-Likud talks will reveal whether the citizenry will get the government it deserves or the government it needs.

KAHANE SPURNED

(Continued from Page One)
president reconsider his decision not to invite him.

Kahane arrived at Beit Hanassi, accompanied by two supporters, shortly after 4 p.m. yesterday, after previously announcing his intentions to the press.

Dozens of security men and police, who had been tipped off, were at the ready when Kahane arrived. He was told that he was not on the list of those invited to the residence, and was asked to leave. Kahane, firmly but quietly, said that Herzog was "not fit" to be president, since he intended to include members of the Democratic Front for Peace and Equality (Communists) and the Arab-Jewish Progressive List for Peace List in the consultations. Kahane reiterated his threat to return and to "break into" Beit Hanassi.

A short time later, Kahane was a subject of conversation in Herzog's meetings with the Tehiya faction. They told reporters later that they told Herzog "the normal thing" would be to consult all factions. But if Kahane had to be excluded, the president should also ban representatives of the P.L.P. since "their

programme violates fundamental law in Israel and gets its inspiration from the PLO Charter, which advocates the destruction of Israel," said the Tehiya Knesset members.

Gaula Cohen said that Tehiya will press for the removal of television cameras from the Knesset plenum, so that the house will not serve as a platform for the PLO. She added that the government coalition should not be dependent on Kahane's vote.

The Israel Broadcasting Authority Board of Directors yesterday approved a directive from Director-General Uri Porat on items connected with Kahane. The directive is designed to ensure that the government authority is not used for incitement against any of the nation's citizens, or for statements contrary to the Proclamation of Independence.

The news directors of both TV and radio have been instructed to ensure that coverage of Kahane conforms with strict news value. The policy was implemented on Israel Television's Mabat newsreel last night, when Kahane was shown failing to enter the president's residence; but his remarks were neither broadcast nor reported.

WEIZMAN

(Continued from Page One)
they would be able to compromise its principles such as belief in the Whole Land of Israel, Weizman said that while this had always been one of the Likud's principles, in 1979 the government had signed away all of Sinai. "Sometimes you take steps you cannot foresee," he said.

Asked for his view on the "Who is a Jew" controversy, Weizman said he supports the amendment, but "the sages of the Jewish world must find a solution to prevent a split in the Jewish world as a result of this amendment."

He emphatically rejected the idea of amnesty for Jewish terrorists. "If

they violated the law, they must be punished," he said.

He rejected "territorial compromise," but said he supports autonomy as agreed on in the Camp David accords.

Weizman said the president should invite Kach leader Meir Kahane to Beit Hanassi like all the other factions. "If Kahane violates the law, he should be tried and punished. As long as he does not violate the law, he must be treated democratically. Kahane can be controlled by democratic means. Trying to keep him out and ignoring him will only increase his power," said Weizman.

ON EZER WEIZMAN, by a call of history and through a trick of our electoral system, has fallen the heavy mantle of the country's destiny. Will he see beyond power-broker coalition arithmetic?

This clarion call of history, by or not by chance, has also fallen unwittingly upon the Liberals. Not just the Liberal Party as such, but liberals, the distant, perhaps too distant heirs of Chaim Weizmann, if such they consider themselves. Or what else is liberalism?

Is it coincidence that two odious events, two disparate penalties have converged and fallen upon us — the rearing of the ugly head of fascism and the abortive elections — to stammer out the voice of Israel (and by extension, of the Jewish people)? Is there a hidden meaning? Only time will tell.

But we, in the year 1984, have not time and cannot risk time's verdict. The risks and dangers are too great for second thoughts.

OPPORTUNITY KNOCKS loudly at the door of Ezer Weizman, who is not unknown for his courage and individualist dedication. But it is also knocking, any pounding, at the door of the Liberals, both in terms of the national interest and their own future and self-respect.

TWO SENIOR Israeli officials have recently been in Washington to discuss with the U.S. authorities various questions relating to the proposed new Iraqi-Jordanian oil pipeline. The idea behind the pipeline, which is to carry oil from the Kirkuk refinery through Jordan to the Gulf of Akaba, is to free Iraqi oil exports (most of which have in the past flowed to the Mediterranean via Syria), from the permanent threat of politically-motivated Syrian stoppages which has happened, since the outbreak of the Iraqi-Iranian war.

If the pipeline is actually constructed, Israel would find herself an "interested party" in more than one aspect. First there is the ecological question: Akaba, immediately south of where the new oil-terminus will be located, lies within a few hundred metres of Eilat and no political border drawn on a map can neutralize the potentially harmful environmental effects which the operation of super-tankers so near to our shores would have.

The special situation relating to Akaba and Eilat — two towns geographically close to each other, but very far apart politically — has created other ecological problems, the most recent being the Jordanian decision to build new waste-disposal installations next-door to most of Eilat's tourist facilities.

The future for both the Jordanian

Weizman and the Liberals must now — quickly — get together, regardless of later patronage details, in order to bring about a stable coalition government under the Alignment, be it for one year, two, or whatever, and save the country's, and their own, honour.

Honour refers to that incubus amongst us, as represented by the name Kahane. This man, called rabbi (somehow it does not bother our rabbis who do not even ask who gave Kahane the title, who ordained him?) has already contaminated over 20,000 voters, and who knows how many more in future?

There is no need to question Weizman's credentials. He popularly symbolizes the best in that loose term "sabra." But the Liberals? Are they turned off by the obscenity called Kahane or Kach? I cannot believe they are not.

POLITICALLY, they must know that this will be their last term in power, on the coat-tails of Herut, and that their future is mortgaged.

They must also know that for their masters, Herut, Kahane is no cause for concern, just another rightist politician.

Take Mr. Shamir. When pressed

By SHALOM COHEN

about Kahane on Israel Television last week, he suddenly dropped his electioneering bombast. How he waffled, as if the Kahane phenomenon were merely the reverse side of Peace Now or Mapam.

Later, for the foreign media, but not for home consumption, he waffled on, but was forced to admit that in a democracy all sorts of crazies had entry. But he followed this up with the operative phrase that we must put up with it (*lehashlim*). Apparently, the Kahane bacillus does not excite the Herut leader.

Even Tehiya, whose leader, Prof. Ne'eman, imagines himself as a generalissimo of an invincible third superpower, and Gula Cohen, local Joan of Arc willing to have us all sacrificed on the stake of her personal mystical vision — even they were at least a little embarrassed by the Kahanism in our midst. But not that much embarrassed to speak up for the spirit of decency and Jewish values.

ARE THESE the people with whom Weizman and the Liberals are ready to make common cause? This is the larger issue facing Ezer Weizman, the Liberals and others. Are they hack politicians or are they real

people, of a real Israel?

If some of the Liberals, with portfolios in hand as promised by Herut, prefer the plastic armchairs of office to Israel and Jewish destiny, so be it. But let the others, surely the Liberal majority, get out and get out quick. And let the Alignment encourage them, make it beneficial for the future of their Liberal Party, which now, as a sponger on Herut, has none.

By chance — or not — the political circumstances are disposed in the national favour, if seized upon. Let the Liberals, all or part, break away from their incompatible master, Herut, and form a separate Knesset faction. And then the same or next day let them form a bloc with Ezer Weizman's Yahad Party to create their long-wished-for centre party. Then, or later, Weizman will become the head of a virile centrist force on the Israeli political scene.

This centrist bloc should join the Alignment in establishing a stable government able to push through the measures needed to ensure our long-term security, and economic and true Zionist aspirations.

THE SAME message can also be applied to the religious factions,

where religion is not a cover for *askanauti*. It applies especially, and puts on the spot, the National Religious Party — erstwhile and long-time partner of the progressive forces in Israel.

The NRP can break away from its recent aberration of alignment with Herut, even if Dr. Burg the wise, at whose age one could expect a rise to higher prophetic levels, continues to abide by his Halacha, the tractate "Chairs of Power."

The message can also be directed at Tami, Shas and any other.

They can, of course, prefer the alibi and comfort of the coalition promises of the desperate incumbents, threatened with exile to opposition, which is in itself a good thing for any party, as it should have been for Labour.

Only the people of this country, of whatever partisan loyalty, cannot afford a reprieve for the present government. For the issues that face us are more than a matter of tribalistic political partisanship.

This is a "mayday" appeal to the pilot Ezer Weizman to make a quick landing, to the Liberals to get out of their dead-end quagmire, and to everyone else who's interested.

For it is later than they think. The deadline for Zion is yesterday.

The writer is a member of The Jerusalem Post editorial staff.

Akaba oil pipeline: more than ecology

By ZALMAN SHOVAL

and the Israeli Red Sea outlets may one day lie in joined, or at least coordinated planning and development — but until this happens, Israel should insist that the Jordanians at least agree to maintain direct contact with Israel with regard to such questions as regulating tanker traffic and preventing oil spills and pollution in general.

HOWEVER, THERE is more than ecology involved, and the proposed Kirkuk-to-Akaba pipeline also raises some very important political and strategic questions. Recent months have witnessed a marked "warming" in the attitude of the American government towards Baghdad. The State Department is making a major effort in cajoling the U.S. Congress into changing its negative stance towards American military aid to Iraq — while at the

same time Richard Fairbanks, Washington's special Middle East negotiator, has tried to persuade other Western countries not to sell arms to Iraq's adversary, Iran.

The State Department's efforts, by the way, have not prevented Baghdad getting large-scale arms supplies from the Soviet Union — including tanks, artillery and missiles. Israel cannot, of course, do anything but look askance at a situation where both super-powers seem to be vying with each other as to who will do more to strengthen Iraq's military capacity, regardless of the dangers to Israel and other countries, from one of the region's most aggressive regimes.

A key element in Washington's overtures towards Baghdad has been the involvement of the American business community in the \$1 billion Iraq-Jordan pipeline scheme. The

project is to include a \$570 million contract for the Bechtel Corporation, which is no stranger to U.S.-Arab political-economic dealings. Moreover, the U.S. Export-Import Bank has agreed to guarantee a portion of the loans for the construction of the oil-duct.

U.S. officials claim that the proposed pipeline (along with a second planned line through Saudi-Arabia) would help tie Iraq to the pro-Western, moderate part of the Arab world (though this supposed "moderation" has never been in evidence with regard to these countries' attitude towards peace with Israel...).

Rumour has it that the Iraqis and the Jordanians have asked, and perhaps received, American guarantees that Israel would not, in any future situation, interfere with the operation of the pipeline. As one source (quoted in the New York

Times) put it: "Iraq's perspective is that having an American equity in the project would guarantee its protection from Israel."

Actually, however, the shoe is on the other foot, and the real worry is what a closer economic and perhaps military relationship between the U.S. and aggressively anti-Israeli, armed-to-the-teeth Iraq would mean to the security of the Jewish State. After all, one cannot rule out the possibility that once the war with Iraq has ended, the Iraqi army with its enhanced divisional strength and its massive and modern materiel could be turned against Israel in a revival of the "Eastern Front" comprising of Syria, Iraq, Jordan and possibly Saudi Arabia.

True, American involvement could have a restraining influence, but, as experience has shown, there is certainly no guarantee for that — and if, as Yitzhak Rabin reportedly said, "the construction of the pipeline serves Israel's strategic interests by drawing Iraq into the Jordanian camp" — there is of course, the risk that this could work the other way round. Be this as it may, Israel should keep a close watch on developments — and not only for purely environmental reasons.

The writer is a former member of the Knesset.

READERS' LETTERS

LAND OF MILK AND HONEY

To the Editor of The Jerusalem Post
Sir, — We are also witnessing the chickens coming home to roost under the present electoral system in Israel.

As a visitor from the U.K. with a stake in this country, I was nauseated by a picture in the press of the leader of the Labour Party consorting with the head of the devalued Tami. How unbecoming to the heirs of the founding fathers of modern Israel! Not for this did they drain the swamps, create a smiling countryside based on honest toil, making it once more the land of milk and honey, and not, as it is fast becoming, the land of filth of money. For example the funk-hole for a defaulting European financier exploiting and manipulating the system.

In the recent E.E.C. elections, we have seen the emergence of the neo-fascists from the basest elements in the electorates of France, Italy and Greece. The man-eating anti-Semitic tiger is not yet converted to vegetarianism. Proportion-

al representation is his happy hunting ground.

Even in tolerant Great Britain, there is much clamour in some quarters for proportional representation. One could make a projection whereby, under the Israeli one per cent set-up, the odious National Front could secure a balancing number of M.P.'s in a "hung" parliament. They would certainly not find it at all difficult to finance and contest every constituency to secure maximum representation.

Here in Israel, only the will of the two major parties can bring about change by raising the percentage entry to the Knesset. Let both parties grasp the opportunity presented by the existing stalemate to bring order out of chaos and offer the prospect of firm government to this good and precious land. Enough of going cap in hand to questionable minorities. Where everyone has a voice, the people lose their say. The end product is "Rabbi Khomenni".

ISRAELI HOFFMAN
Tel Aviv (Hove, Sussex).

PRISON CONDITIONS

To the Editor of The Jerusalem Post
Sir, — I found your recent article on prison conditions in Ramle very interesting, as I had just returned from visiting a friend imprisoned there.

When I asked this friend about his living conditions, he expressed concerns different from those mentioned in the article — yet valid concerns nonetheless. The problems he cited were that *kashrut* is so suspect that no one seriously keeping *kasher* can eat the food. Also, breakfast is served before *shaharit*, so that those who are religious face the choice of eating breakfast or following Jewish law.

Even to the non-religious who might justifiably question the importance of these concerns compared to whether or not prisoners are beaten, these are serious problems. They are important issues because they represent a denial of a basic human right, the right to freedom of religion.

REUVEN BLOOM
Rehovot.

THE BADER-OFER AMENDMENT

To the Editor of The Jerusalem Post
Sir, — The conclusions of Hanoch Smith's analysis of the support for Kahane (July 27) are disturbing. What is even more disturbing is that, were it not for the Bader-Ofen amendment, he would have gained two seats in the Knesset.

Had the Bader-Ofen amendment not been introduced, the Likud would have had two seats less and the Alignment one seat less. These would have gone to the three smallest lists which succeeded in passing the one per cent barrier: Tami, Ometz and Kach.

DOV RAPHAEL
Jerusalem.

ELECTORAL REFORM BILL

To the Editor of The Jerusalem Post
Sir, — Electoral reform, to which members of most streams of Israeli society have paid lip service at some time or another, has never been high on the national agenda — until today, when it has suddenly become a burning issue.

Gad Ya'acobi worked in the tenth Knesset on a bill to change the system. A survey of members of Knesset by the Committee of Concerned Citizens showed that at least 57 supported the Ya'acobi amendment of the Basic Law (the Elections) in some form; 61 members are required for the bill to be passed.

The amendment proposes that:
a) The country be divided into areas (number to be specified).
b) Each area has a number of members of Knesset to represent it.
c) The areas be delineated by a body to be agreed later.

Ya'acobi would prefer 16 areas each with five members, making 80 members, and that 40 members be elected proportionally from a national list as at present according to the votes cast in the areas. This would mean each of the political parties would put up a list of five names in each area and that members would be elected proportionally as today. If each area represented 100,000 voters, then a member

would require 20,000 votes to be elected. This is more or less what happens under the present system but it is clear that it is much more difficult to get 20,000 votes concentrated in one area than to pull them from the whole country, and this would make it very difficult for a small or fringe party to be represented. For this reason, those who oppose the bill because they feel that they might suffer under the proposed system are pressing for fewer, much larger areas.

The national list of 40 seats each would require about 50,000 votes which would again work to the disadvantage of the very small parties. Small parties would then find it an advantage to become incorporated in large parties in the same way as Mapam joined the Labour Party and the Liberals joined Herut to form Likud.

Thus, under this system, coalitions would be formed before elections instead of after elections as at present and the likelihood of stable government would be greatly enhanced. Extremist groups would be rejected as partners in the large

parties and would have almost no chance of representation.

The Gad Ya'acobi amendment is the only concrete proposal for real reform that has been discussed by an all-party Knesset committee and it has the widest support. It would also introduce the element of direct accountability to the elector which, in turn, would force the parties to find able and attractive candidates to increase their share of the vote.

No system is perfect, but the results of the elections to the eleventh Knesset show that the one we have is so defective that changing it must surely be a national priority.

DR. MARK H. CASSON,
Chairman
Committee of Concerned Citizens
Tel Aviv

PENFRIENDS

HANS BINZER (52), of P. O. B. 6120, 6050 Offenbach/Main, West Germany, has an import-export business and would like to have Israeli penfriends. He collects stamps and is interested in music.

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